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REC'D TN
REGULATORY AUTH.

*00 AUG 7 PM 12 03

August 4, 2000
Overnight

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219-0412

OFFICE OF THE
EXECUTIVE SECRETARY

00-00693

RE: Local Telecommunications Resale Application on behalf of Essex
Communications, Inc. d/b/a eLEC Communications

Dear Mr. Waddell:

Enclosed for filing are the original and thirteen (13) copies of the above-referenced application of Essex Communications, Inc. d/b/a eLEC Communications for Authority to Resell Local Telecommunications Service in Tennessee.

Also enclosed is our check in the amount of \$25.00 for the application filing fee.

Please acknowledge receipt of this filing by returning, date-stamped, the extra copy of this cover letter in the self-addressed stamped envelope enclosed for this purpose.

Any questions you may have regarding this filing should be directed to myself at (407) 740-3001. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to Essex Communications, Inc.

Enclosure

cc: Patrick Freeman - Essex
file: Essex - TN Local
tms: TNL0000

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In the matter of the Application of)
Essex Communications d/b/a)
eLEC Communications)
for Authority to Provide)
Facilities Based Competing Local and)
Long Distance Telecommunications Services)

00-00693

**APPLICATION FOR AUTHORITY TO PROVIDE
FACILITIES BASED LOCAL TELECOMMUNICATIONS SERVICES**

Pursuant to applicable Tennessee Statutes and the Rules and Regulations of the Tennessee Regulatory Authority and Section 253 of the Federal Telecommunications Act of 1996 ("Act"), Essex Communications, Inc. d/b/a eLEC Communications ("Essex") respectfully requests that the Tennessee Regulatory Authority ("TRA") grant to Essex authority to provide facilities based local and long Distance telecommunications services, including exchange access telecommunications services, within the State of Tennessee. Essex is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of facilities based competing local and long distance telecommunications services.

In support of its Application, Essex submits the following:

1. The full name and address of the Applicant is:

Essex Communications, Inc. d/b/a eLEC Communications
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400
Website: www.elec.net

1. (continued)

Questions regarding this application should be directed to:

Thomas M. Forte, Consultant
Technologies Management, Inc.
210 Park Avenue North
Winter Park, FL 32789
Telephone: (407) 740-8575
Facsimile: (407) 740-0613
Email: tforte@tminc.com

Contact name and address at the Company is:

Wesly Minella - Telecom Manager
Essex Communications, Inc.
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400
Email: wminella@elec-corp.com

2. **Names and addresses of all officers in Tennessee.**

The names and addresses of the Applicant's principal corporate officers and other senior managers responsible for Tennessee operations are listed in Attachment A of this application. At least initially, none of Essex's corporate officers will be located in Tennessee.

3. **Corporate Information.**

Essex Communications, Inc. was incorporated in the State of New York on December 8, 1997. A copy of Essex's Articles of Incorporation is provided in Attachment B, and a copy of Essex 's Authority to transact business in the State of Tennessee is provided in Attachment C.

4. Repair and Maintenance Information.

Essex understands the importance of effective customer service for local service consumers. Essex has made arrangements for its customers to call the company at its toll-free customer service number of (888) 389-1400. In addition, customers may contact the company in writing at the headquarters address. The toll-free number will be printed on the customers' monthly billing statements. The correct toll-free number will be printed on the customers' monthly billing statements. In addition, customers may contact the company in writing.

5. Status of Essex in other states.

See Attachment D.

6. Financial, Managerial and Technical Qualifications.

Essex possesses the managerial, technical and financial ability to provide local and long Distance telecommunications service in the State of Tennessee as demonstrated below.

6.A. Financial Qualifications

In support of its financial qualifications, Essex highlights the following information:

Essex Communications is 100% owned by eLEC Communications Corp., a diversified company engaged in the provision of telecommunications and website design and development. The parent company is financially committed to the successful launching of Essex Communications, Inc. as a local exchange provider in twenty-eight (28) states by the end of June, 2000.

6.A. Financial Qualifications (continued)

Essex Communications, Inc. ("Essex") has sufficient financial capability to provide the requested telecommunication services in Tennessee, the financial capability to maintain these services, and the financial capability to meet its lease and ownership obligations.

Attached are the following financial documents to support Essex's financial capability:

1. SEC Form 10-K of eLEC Communications Corp. for its fiscal year ended November 30, 1999.
2. SEC Form 10-Q of eLEC Communications Corp. for its quarter ended February 29, 2000.

Essex has incurred normal start-up costs of entering the local exchange and long distance telecommunications market. As with most ventures, Essex expects profitability to be achieved within three years on entering a new market. Essex has the financial strength of its parent company to absorb start-up losses.

6.A. Financial Qualifications (continued)

Provide the cost of the proposed network, switches, or unbundled network elements

Essex will be utilizing the UNE-P option available through BellSouth and Sprint/United.
As such Essex will have no investment in network switches or UNEs.

Provide details of the funding for the proposed network, equipment purchases, or payment for UNEs such as, a) internally generated funds (cash, marketable securities); (b) letters of credit; (c) loan commitments; (d) vendor credit; and (e) provide a three (3) year capital budget outlining the specific equipment to be deployed, where it will be deployed, and its cost. This should cover Tennessee operations, as well as the parent company (or whoever is responsible for financing the Tennessee operation)l Also provide the sources of capital.

No additional funding is required for UNE-P services.

Indicate whether financial statements reflect any amounts related to reciprocal compensation for terminating ISP traffic and quantify these amounts, if any.

Not applicable.

Summary

As noted in the analysis documented above, the Company has prepared adequately for its venture into the local exchange services and long distance market. The Company has sufficient financial capability to provide the requested telecommunication services, meet all lease and maintain a large Customer base.

6.B. Managerial Qualifications

As shown in Attachment F to this Application, Essex has the managerial expertise to successfully operate a telecommunications enterprise in Tennessee. Essex's key executives have extensive backgrounds in the telecommunications industry and possess the managerial qualifications required to provide local and long distance service.

6.C. Technical Qualifications

Essex's services will satisfy the minimum standards established by the TRA. The Company will file and maintain tariffs in the manner and form required of competitive local exchange and long distance telecommunications companies with which Essex seeks to compete. Essex will meet the minimum basic standards, including quality of service and billing standards required of all LECs regulated by the TRA. Essex will comply with TRA rules, including Chapter 1220-4-8.

Location and deployment of Network

Existing BellSouth and Sprint/United Networks.

Name of Engineers or Engineering Firm overseeing technical aspects of Network.

Kevin Stolz

6.C. Technical Qualifications (continued)

Will Tennessee Customers be required to purchase CPE which cannot be used with ILEC systems should the customer decide to go back to the ILEC?

No.

List type of Facilities to be built in Tennessee.

None.

7. Proposed Service Area.

The applicant proposes to offer its services throughout the State of Tennessee in areas currently served by BellSouth and Sprint-United which are designated open to competition. Marketing efforts will be concentrated on major metropolitan areas.

8. Types of Local Exchange Service to be provided.

Essex expects to offer a broad variety of facilities based local exchange services, primarily to business customers in Tennessee. Essex's initial line of local services will be comparable to that currently offered by the incumbent LECs. Initially, Essex plans to offer basic access line service, PBX and DID Services, Optional Calling Features, Directory Assistance, Directory Services, and Operator Services, as well as all services required under Chapter 1220-4-8-.04 (3)(b) and (c).

9. Y2K Procedures

Essex's Y2K procedures to ensure compliance are provided as Attachment K.

10. Wireline Activity Report.

Essex will provide a wireline report to the TRA when available.

11. Customer Deposits

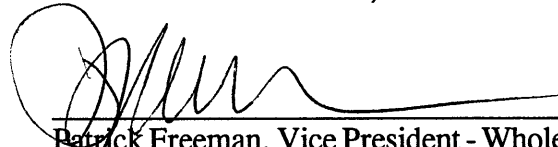
Essex will require deposits under the conditions listed in the local tariff. A bond has not been posted, however, Essex will do so, if required by the TRA.

12. Statement of Compliance.

Essex agrees to abide by all applicable statutes and all applicable Orders, rules and regulations entered and adopted by the Tennessee Regulatory Authority.

Respectfully submitted this 17th day of MAY, 2000.

Respectfully submitted,
Essex Communications, Inc.



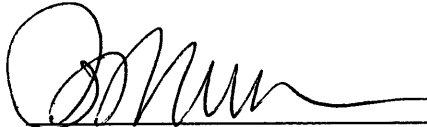
Patrick Freeman, Vice President - Wholesale Services
Essex Communications, Inc.
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400
Email: pfreeman@elec-corp.com

VERIFICATION

STATE OF FLORIDA

COUNTY OF ORANGE

Patrick Freeman, being first duly sworn, deposes and says: That he is the Director of Billing Services for Essex Communications, Inc., the applicant in the above proceeding, that he has read the foregoing application, and knows the contents thereof; and that he is authorized by Essex Communications, Inc. to verify that the contents of the applications are true.



Patrick Freeman, Vice President - Wholesale Services
Essex Communications, Inc.

48 South Service Road, 3rd Floor
Melville, New York 11747

Telephone: (516) 293-2700

Facsimile: (516) 777-7679

Toll Free: (888) 389-1400

Email: pfreeman@elec-corp.com

Subscribed and sworn to before me this

17th day of May, 2000.



Notary Public
State of Florida

My commission expires: 7/21/00

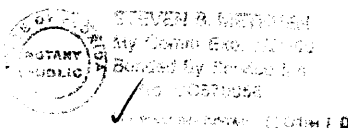


Table of Attachments

Attachment A	Names and Addresses of Essex's Officers and Directors
Attachment B	Articles of Incorporation
Attachment C	Certificate of Authority to Transact Business in the State of Tennessee
Attachment D	Status of Essex in other States
Attachment E	Financial Statements
Attachment F	Biographies of Senior Executive Team
Attachment G	Small and Minority Owned Telecommunications Business Participation Plan
Attachment H	Dialing Parity Plan
Attachment I	Pre-Filed Testimony
Attachment J	Proposed Local Tariff
Attachment K	Y2K Procedures

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Attachment A

**Names and Addresses of
Essex Communications, Inc.'s Officers and Directors**

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

All officers and directors may be contacted through the corporate offices at 48 South Service Road, 3rd Floor, Melville, New York 11747.

Officers

Joel Dupre	Chairman
Paul H. Riss	Chief Executive Officer, Chief Financial Officer and Treasurer
Gandolfo Verra	Controller and Assistant Secretary
Eric M. Hellige	Secretary

Directors

Joel Dupre
Eric M. Hellige
Paul H. Riss

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Attachment B

Articles of Incorporation

CERTIFICATE OF INCORPORATION
OF
ESSEX COMMUNICATIONS, INC.

Filed by:

Alexander Minella, P.C.
2815 Middletown Road
Bronx, New York 10461

CERTIFICATE OF INCORPORATION

ESSEX COMMUNICATIONS, INC.

Under Section 402 of the Business Corporation Law.

The undersigned, for the purpose of forming a corporation pursuant to Section 402 of the Business Corporation Law of the State of New York, does hereby certify and set forth:

FIRST: The name of the corporation is ESSEX COMMUNICATIONS, INC.

SECOND: The purposes for which the corporation is formed are:

To engage in any lawful act or activity for which corporations may be organized under the business corporation law, provided that the corporation is not formed to engage in any act or activity which requires the act or approval of any state official, department, board, agency or other body without such approval or consent first being obtained.

To develop, experiment with, conduct research on, manufacture, produce, assemble, buy, rent or otherwise acquire, hold, own, use, operate, install, equip, replace, maintain, service, process, reprocess, repair, remodel, recondition, import, export, sell, lease, market, distribute, transport or otherwise dispose of and generally to deal in and with, as contractor, subcontractor, principal, agent, commission merchant, broker, factor or any combination of the foregoing and at wholesale or retail or both, any and all kinds of communications, communications equipment, supplies and accessories and all allied apparatus, systems, parts, supplies, tools, implements, raw materials, natural products, manufactured articles and products, and goods, wares, merchandise and tangible property of every kind, used or capable of being used for any purpose whatever.

To establish, maintain and conduct a general service organization, to make and conduct investigations and render reports of such investigations relating to the communications industry, perform supervisory, inspection and testing services and any and all other activities relating to the analysis of communications equipment and systems. To act as a consultant to individuals, corporations,

associations, partnerships and others and to obtain services in their behalf for the supervision and testing of communications equipment and systems.

To maintain executive and operating personnel for the purpose of advising and assisting others in all matters relating to communications network management; to furnish programs, systems, formulate policies and generally to advise and assist others, under contract or otherwise, with relation to any aspect of communications systems. Generally to establish and operate a communications system in all its branches and departments.

To carry on a general mercantile, industrial, investing and trading business in all its branches; to devise, invent, manufacture, fabricate, assemble, install, service, maintain, alter, buy, sell, import, export, license as licensor or licensee, lease as lessor or lessee, distribute, job, enter into, negotiate, execute, acquire, and assign contracts in respect of, acquire, receive, grant, and assign licensing arrangements, options, franchises, and other rights in respect of, and generally deal in and with, at wholesale and retail, as principal, and as sales, business, special, or general agent, representative, broker, factor, merchant, distributor, jobber, advisor, or in any other lawful capacity, goods, wares, merchandise, commodities, and unimproved, improved, finished, processed and other real, personal and mixed property of any and all kinds, together with the components, resultants, and by-products thereof.

To acquire by purchase, subscription, underwriting or otherwise, and to own, hold for investment, or otherwise, and to use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every sort and description and wheresoever situated, including shares of stock, bonds, debentures, notes, scrip, securities, evidences of indebtedness, contracts or obligations of any corporation or association, whether domestic or foreign, or of any firm or individual or of the United States or any state, territory or dependency of the United States or any foreign country, or any municipality or local authority within or without the United States, and also to issue in exchange therefor, stocks, bonds or other securities or evidences of indebtedness of this corporation and, while the owner or holder of any such property, to receive, collect and dispose of the interest, dividends and income on or from such property and to possess and exercise in respect thereto all of the rights, powers and privileges of ownership, including all voting powers thereon.

To construct, build, purchase, lease or otherwise acquire, equip, hold, own, improve, develop, manage, maintain, control, operate, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account, any and all plants, machinery, works, implements and things or property, real and personal, of every kind and description, incidental to, connected with, or suitable, necessary or convenient for

any of the purposes enumerated herein, including all or any part or parts of the properties, assets, business and goodwill of any persons, firms, associations or corporations.

The powers, rights and privileges provided in this certificate are not to be deemed to be in limitation of similar, other or additional powers, rights and privileges granted or permitted to a corporation by the Business Corporation Law, it being intended that this corporation shall have all rights, powers and privileges granted or permitted to a corporation by such statute.

THIRD: The office of the corporation is to be located in the County of Bronx, State of New York.

FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Two Hundred (200), all of which shall be without par value.

FIFTH: The Secretary of State is designated as the agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served on him is:

2815 Middletown Road
Bronx, New York 10461

SIXTH: The personal liability of directors to the corporation or its shareholders for damages for any breach of duty in such capacity is hereby eliminated except that such personal liability shall not be eliminated if a judgment or other final adjudication adverse to such director establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the Business Corporation Law.

IN WITNESS WHEREOF, this certificate has been subscribed to this 5th day of December, 1997 by the undersigned who affirms that the statements made herein are true under the penalties of perjury.

A handwritten signature in cursive script, appearing to read "Gerald Weinberg", written in dark ink.

GERALD WEINBERG
90 State Street
Albany, New York

STATEMENT OF INCORPORATOR IN LIEU OF ORGANIZATIONAL MEETING

The undersigned, being the sole incorporator of ESSEX COMMUNICATIONS, INC. does hereby certify as follows:

1. The certificate of incorporation of this corporation was duly filed in the Office of the Department of State of the State of New York on the 8th day of December 1997. A copy of the certificate of Incorporation and the filing notice received from the Department of State is annexed hereto and is to be inserted in the minutes.

2. The undersigned, as sole incorporator, has adopted the annexed by-laws as the by-laws of this corporation and directed that they be inserted in the minutes.

3. The following were duly elected as the directors of the corporation, to hold office until the first annual meeting of the shareholders of this corporation:

ANTHONY SCALICE - President
Robin L. Marshlow Vice-President
Wesly Minella Secretary-Treasurer

The directors assumed their office.

DATED: December 8, 1997



INCORPORATOR

BY-LAWS

ARTICLE I

The Corporation

Section 1. Name. The legal name of this corporation (hereinafter called the "Corporation") is

ESSEX COMMUNICATIONS, INC.

Section 2. Offices. The Corporation shall have its principal office in the State of New York. The Corporation may also have offices at such other places within and without the United States as the Board of Directors may from time to time appoint or the business of the Corporation may require.

Section 3. Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, New York." One or more duplicate dies for impressing such seal may be kept and used.

ARTICLE II

Meetings of Shareholders

Section 1. Place of Meetings. All meetings of the shareholders shall be held at the principal office of the Corporation in the State of New York or at such other place, within or without the State of New York, as is fixed in the notice of the meeting.

Section 2. Annual Meeting. An annual meeting of the shareholders of the Corporation for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on the first Monday of ~~JANUARY~~ in each year if not a legal holiday, and if a legal holiday, then on the next secular day following, at ten o'clock A.M., Eastern Standard Time, or at such other time as is fixed in the notice of the meeting. If for any reason any annual meeting shall not be held at the time herein specified, the same may be held at any time

thereafter upon notice, as herein provided, or the business thereof may be transacted at any special meeting called for the purpose.

Section 3. Special Meetings. Special meetings of shareholders may be called by the President whenever he deems it necessary or advisable. A special meeting of the shareholders shall be called by the President whenever so directed in writing by a majority of the entire Board of Directors or whenever the holders of one-third (1/3) of the number of shares of the capital stock of the Corporation entitled to vote at such meeting shall, in writing, request the same.

Section 4. Notice of Meetings. Notice of the time and place of the annual and of each special meeting of the shareholders shall be given to each of the shareholders entitled to vote at such meeting by mailing the same in a postage prepaid wrapper addressed to each such shareholder at his address as it appears on the books of the Corporation, or by delivering the same personally to any such shareholder in lieu of such mailing, at least ten (10) and not more than fifty (50) days prior to each meeting. Meetings may be held without notice if all of the shareholders entitled to vote thereat are present in person or by proxy, or if notice thereof is waived by all such shareholders not present in person or by proxy, before or after the meeting. Notice by mail shall be deemed to be given when deposited, with postage thereon prepaid, in the United States mail. If a meeting is adjourned to another time, not more than thirty (30) days hence, or to another place, and if an announcement of the adjourned time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board of Directors, after adjournment fix a new record date for the adjourned meeting. Notice of the annual and each special meeting of the shareholders shall indicate that it is being issued by or at the direction of the person or persons calling the meeting, and shall state the name and capacity of each such person. Notice of each special meeting shall also state the purpose or purposes for which it has been called. Neither the business to be transacted at nor the purpose of the annual or any special meeting of the shareholders need be specified in any written waiver of notice.

Section 5. Record Date for Shareholders. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the

purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than fifty(5) days nor less than ten (10) days before the date of such meeting, nor more than fifty (50) days prior to any other action. If no record date is fixed, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Proxy Representation. Every shareholder may authorize another person or persons to act for him by proxy in all matters in which a shareholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the shareholder or by his attorney-in-fact. No proxy shall be voted or acted upon after eleven months from its date unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided in Section 608 of the New York Business Corporation Law.

Section 7. Voting at Shareholders' Meetings. Each share of stock shall entitle the holder thereof to one vote. In the election of directors, a plurality of the votes cast shall elect. Any other action shall be authorized by a majority of the votes cast except where the New York Business Corporation Law prescribes a different percentage of votes or a different exercise of voting power. In the election of directors, and for any other action, voting need not be by ballot.

Section 8. Quorum and Adjournment. Except for a special election of directors pursuant to Section 603 of the New York Business Corporation Law, the presence, in person or by proxy, of the holders of a majority of the shares of the stock of the Corporation outstanding and entitled to vote thereat shall be requisite and shall constitute a quorum at any meeting of the shareholders. When a quorum is once

present to organize a meeting, it shall not be broken by the subsequent withdrawal of any shareholders. If at any meeting of shareholders there shall be less than a quorum so present, the shareholders present in person or by proxy and entitled to vote thereat, may adjourn the meeting from time to time until a quorum shall be present, but no business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted had the meeting not adjourned.

Section 9. List of Shareholders. The officer who has charge of the stock ledger of the Corporation shall prepare, make and certify, at least ten (1) days before every meeting of shareholders, a complete list of the shareholders, as of the record date fixed for such meeting, arranged in alphabetical order, and showing the address of each shareholder and the number of shares registered in the name of each shareholder. Such list shall be open to the examination of any shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city or other municipality or community where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any shareholder who is present. If the right to vote at any meeting is challenged, the inspectors of election, if any, or the person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

Section 10. Inspectors of Election. The Board of Directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, and at the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive

votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them. Any report or certificate made by the inspector or inspectors shall be prima facie evidence of the facts stated and of the vote as certified by them.

Section 11. Action of the Shareholders Without Meetings. Any action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon. Written consent thus given by the holders of all outstanding shares entitled to vote shall have the same effect as a unanimous vote of the shareholders.

ARTICLE III

Directors

Section 1. Number of Directors. The number of directors which shall constitute the entire Board of Directors shall be at least three, except that where all outstanding shares of the stock of the Corporation are owned beneficially and of record by less than three shareholders, the number of directors may be less than three but not less than the number of shareholders. Subject to the foregoing limitation, such number may be fixed from time to time by action of a majority of the entire Board of Directors or of the shareholders at an annual or special meeting, or, if the number of directors is not so fixed, the number shall be three or shall be equal to the number of shareholders (determined as aforesaid), whichever is less. Until such time as the corporation shall issue shares of its stock, the Board of Directors shall consist of two persons. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 2. Election and Term. The initial Board of Directors shall be elected by the incorporator and each initial director so elected shall hold office until the first annual meeting of shareholders and until his successor has been elected and qualified. Thereafter, each director who is elected at an annual meeting of shareholders, and

each director who is elected in the interim to fill a vacancy or a newly created directorship, shall hold office until the next annual meeting of shareholders and until his successor has been elected and qualified.

Section 3. Filling Vacancies, Resignation and Removal. Any director may tender his resignation at any time. Any director or the entire Board of Directors may be removed, with or without cause, by vote of the shareholders. In the interim between annual meetings of shareholders or special meetings of shareholders called for the election of directors or for the removal of one or more directors and for the filling of any vacancy in that connection, newly created directorships and any vacancies in the Board of Directors, including unfilled vacancies resulting from the resignation or removal of directors for cause or without cause, may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum or by the sole remaining director.

Section 4. Qualifications and Powers. Each director shall be at least eighteen years of age. A director need not be a shareholder, a citizen of the United States or a resident of the State of New York. The business of the Corporation shall be managed by the Board of Directors, subject to the provisions of the Certificate of Incorporation. In addition to the powers and authorities by these By-Laws expressly conferred upon it, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done exclusively by the shareholders.

Section 5. Regular and Special Meetings of the Board. The Board of Directors may hold its meetings, whether regular or special, either within or without the State of New York. The newly elected Board may meet at such place and time as shall be fixed by the vote of the shareholders at the annual meeting, for the purpose of organization or otherwise, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a majority of the entire Board shall be present; or they may meet at such place and time as shall be fixed by the consent in writing of all directors. Regular meetings of the Board may be held with or without notice at such time and place as shall from time to time be determined by resolution of the Board. Whenever the time or place of regular meetings of the Board shall have been determined by resolution of the Board, no regular

meetings shall be held pursuant to any resolution of the Board altering or modifying its previous resolution relating to the time or place of the holding of regular meetings, without first giving at least three days written notice to each director, either personally or by telegram, or at least five days written notice to each director by mail, of the substance and effect of such new resolution relating to the time and place at which regular meetings of the board may thereafter be held without notice. Special meetings of the Board shall be held whenever called by the President, Vice-President, the Secretary or any director in writing. Notice of each special meeting of the Board shall be delivered personally to each director or sent by telegram to his residence or usual place of business at least three days before the meeting, or mailed to him to his residence or usual place of business at least five days before the meeting. Meetings of the Board, whether regular or special, may be held at any time and place, and for any purpose, without notice, when all the directors are present or when all directors not present shall, in writing, waive notice of and consent to the holding of such meeting. All or any of the directors may waive notice of any meeting and the presence of the director at any meeting of the Board shall be deemed a waiver of notice thereof by him. A notice, or waiver of notice, need not specify the purpose or purposes of any regular or special meeting of the Board.

Section 6. Quorum and Action. A majority of the entire Board of Directors shall constitute a quorum except that when the entire Board consists of one director, then one director shall constitute a quorum, and except that when a vacancy or vacancies prevents such majority, a majority of the directors in office shall constitute a quorum, provided that such majority shall constitute at least one-third of the entire Board. A majority of the directors present, whether or not they constitute a quorum, may adjourn a meeting to another time and place. Except as herein otherwise provided, and except as otherwise provided by the New York Business Corporation Law, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 7. Telephonic Meetings. Any member or members of the Board of Directors, or of any committee designated by the Board, may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 8. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 9. Compensation of Directors. By resolution of the Board of Directors, the directors may be paid their expenses, if any, for attendance at each regular or special meeting of the Board or of any committee designated by the Board and may be paid a fixed sum for attendance at such meeting, or a stated salary as director, or both. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor; provided however that directors who are also salaried officers shall not receive fees or salaries as directors.

ARTICLE IV

Committees

Section 1. In General. The Board of Directors may, by resolution or resolutions passed by the affirmative vote therefore of a majority of the entire Board, designate an Executive Committee and such other committees as the Board may from time to time determine, each to consist of three or more directors, and each of which, to the extent provided in the resolution or in the certificate of incorporation or in the By-Laws, shall have all the powers of the Board, except that no such Committee shall have power to fill vacancies in the Board, or to change the membership of or to fill vacancies in any Committee, or to make, amend, repeal or adopt By-Laws of the Corporation, or to submit to the shareholders any action that needs shareholder approval under these By-Laws or the New York Business Corporation Law, or to fix the compensation of the directors for serving on the Board or any committee thereof, or to amend or repeal any resolution of the Board which by its terms shall not be so amendable or repealable. Each committee shall serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence of disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 2. Executive Committee. Except as otherwise limited by the Board of Directors or by these By-Laws, the Executive Committee, if so designated by the Board of Directors, shall have and may exercise, when the Board is not in session, all the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it. The Board shall have the power at any time to change the membership of the Executive Committee, to fill vacancies in it, or to dissolve it. The Executive Committee may make rules for the conduct of its business and may appoint such assistance as it shall from time to time deem necessary. A majority of the members of the Executive Committee, if more than a single member, shall constitute a quorum.

ARTICLE V

Officers

Section 1. Designation, Term and Vacancies. The officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers as the Board of Directors may from time to time deem necessary. Such officers may have and perform the powers and duties usually pertaining to their respective offices, the powers and duties respectively prescribed by law and by these By-Laws, and such additional powers and duties as may from time to time be prescribed by the Board. The same person may hold any two or more offices, except that the offices of President and Secretary may not be held by the same person unless all the issued and outstanding stock of the Corporation is owned by one person, in which instance such person may hold all or any combination of offices.

The initial officers of the Corporation shall be appointed by the initial Board of Directors, each to hold office until the meeting of the Board of Directors following the first annual meeting of shareholders and until his successor has been appointed and qualified. Thereafter, the officers of the Corporation shall be appointed by the Board as soon as practicable after the election of the Board at the annual meeting of shareholders, and each officer so appointed shall hold office until the first meeting of the Board of Directors following the next annual meeting of shareholders and until his successor has been appointed and qualified. Any officer may be removed at any time, with or without cause, by the affirmative vote therefor of a majority of the entire Board of Directors. All other agents and employees of the Corporation shall hold office during

the pleasure of the Board of Directors. Vacancies occurring among the officers of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 2. President. The President shall preside at all meetings of the shareholders and at all meetings of the Board of Directors at which he may be present. Subject to the direction of the Board of Directors, he shall be the chief executive officer of the Corporation, and shall have general charge of the entire business of the Corporation. He may sign certificates of stock and sign and seal bonds, debentures, contracts or other obligations authorized by the Board, and may, without previous authority of the Board, make such contracts as the ordinary conduct of the Corporation's business requires. He shall have the usual powers and duties vested in the President of a corporation. He shall have power to select and appoint all necessary officers and employees of the Corporation, except those selected by the Board of Directors, and to remove all such officers and employees except those selected by the Board of Directors, and make new appointments to fill vacancies. He may delegate any of his powers to a Vice-President of the Corporation.

Section 3. Vice-President. A Vice-President shall have such of the President's powers and duties as the President may from time to time delegate to him, and shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors. During the absence or incapacity of the President, the Vice-President, or, if there be more than one, the Vice-President having the greatest seniority in office, shall perform the duties of the President, and when so acting shall have all the powers and be subject to all the responsibilities of the office of President.

Section 4. Treasurer. The Treasurer shall have custody of such funds and securities of the Corporation as may come to his hands or be committed to his care by the Board of Directors. Whenever necessary or proper, he shall endorse on behalf of the Corporation, for collection, checks, notes, or other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depositories, approved by the Board of Directors as the Board of Directors or President may designate. He may sign receipts or vouchers for payments made to the Corporation, and the Board of Directors may require that such receipts or vouchers shall also be signed by some other officer to be designated by them. Whenever required by the Board of Directors, he shall render a statement of his cash accounts and such other

statements respecting the affairs of the Corporation as may be required. He shall keep proper and accurate books of account. He shall perform all acts incident to the office of Treasurer, subject to the control of the Board.

Section 5. Secretary. The Secretary shall have custody of the seal of the Corporation and when required by the Board of Directors, or when any instrument shall have been signed by the President duly authorized to sign the same, or when necessary to attest any proceedings of the shareholders or directors, shall affix it to any instrument requiring the same and shall attest the same with his signature, provided that the seal may be affixed by the President or Vice-President or other officer of the Corporation to any document executed by either of them respectively on behalf of the Corporation which does not require the attestation of the Secretary. He shall attend to the giving and serving of notices of meetings. He shall have charge of such books and papers as properly belong to his office or as may be committed to his care by the Board of Directors. He shall perform such other duties as appertain to his office or as may be required by the Board of Directors.

Section 6. Delegation. In case of the absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board may temporarily delegate the powers or duties, or any of them, of such officer to any other officer or to any director.

ARTICLE VI

Stock

Section 1. Certificates Representing Shares. All certificates representing shares of the capital stock of the Corporation shall be in such form not inconsistent with the Certificate of Incorporation, these By-Laws or the laws of the State of New York and shall set forth thereon the statements prescribed by Section 508, and where applicable, by Sections 505, 616, 620, 709 and 1002 of the Business Corporation Law. Such shares shall be approved by the Board of Directors, and shall be signed by the President or a Vice-President and by the Secretary or the Treasurer and shall bear the seal of the Corporation and shall not be valid unless so signed and sealed. Certificates countersigned by a duly appointed transfer agent and/or registered by a duly appointed registrar shall be deemed to be so signed and sealed whether the signatures be manual or facsimile signatures and whether the seal be a facsimile seal or any other

form of seal. All certificates shall be consecutively numbered and the name of the person owning the shares represented thereby, his residence, with the number of such shares and the date of issue, shall be entered on the Corporation's books. All certificates surrendered shall be canceled and no new certificates issued until the former certificates for the same number of shares shall have been surrendered and canceled, except as provided for herein.

In case any officer or officers who shall have signed or whose facsimile signature or signatures shall have been affixed to any such certificate or certificates, shall cease to be such officer or officers of the Corporation before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation, and may be issued and delivered as though the person or persons who signed such certificates, or whose facsimile signature or signatures shall have been affixed thereto, had not ceased to be such officer or officers of the Corporation.

Any restriction on the transfer or registration of transfer of any shares of stock of any class or series shall be noted conspicuously on the certificate representing such shares.

Section 2. Fractional Share Interests. The Corporation, may, but shall not be required to, issue certificates for fractions of a share. If the Corporation does not issue fractions of a share, it shall (1) arrange for the disposition of fractional interests by those entitled thereto, (2) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (3) issue scrip or warrants in registered or bearer form which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any distribution of the assets of the Corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the condition that the shares for which scrip or warrants are exchangeable may be sold by the Corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions which the Board of Directors may impose.

Section 3. Addresses of Shareholders. Every shareholder shall furnish the Corporation with an address to which notices of meetings and all other notices may be

served upon or mailed to him, and in default thereof notices may be addressed to him at his last known post office address.

Section 4. Stolen, Lost or Destroyed Certificates. The Board of Directors may in its sole discretion direct that a new certificate or certificates of stock be issued in place of any certificate or certificates of stock theretofore issued by the Corporation, alleged to have been stolen, lost or destroyed, and the Board of Directors when authorizing the issuance of such new certificate or certificates, may, in its discretion, and as a condition precedent thereto, require the owner of such stolen, lost or destroyed certificate or certificates, or his legal representatives to give to the Corporation and to such registrar or registrars and/or transfer agent or transfer agents as may be authorized or required to countersign such new certificate or certificates, a bond in such sum as the Corporation may direct not exceeding double the value of the stock represented by the certificate alleged to have been stolen, lost or destroyed, as indemnity against any claim that may be made against them or any of them for or in respect of the shares of stock represented by the certificate alleged to have been stolen, lost or destroyed.

Section 5. Transfers of Shares. Upon compliance with all provisions restricting the transferability of shares, if any, transfers of stock shall be made only upon the books of the Corporation by the holder in person or by his attorney thereunto authorized by power of attorney duly filed with the Secretary of the Corporation or with a transfer agent or registrar, if any, upon the surrender and cancellation of the certificate or certificates for such shares properly endorsed and the payment of all taxes due thereon. The Board of Directors may appoint one or more suitable banks and/or trust companies as transfer agents and/or registrars of transfers, for facilitating transfers of any class or series of stock of the Corporation by the holders thereof under such regulations as the Board of Directors may from time to time prescribe. Upon such appointment being made all certificates of stock of such class or series thereafter issued shall be countersigned by one of such transfer agents and/or one of such registrars of transfers, and shall not be valid unless so countersigned.

ARTICLE VII

Dividends and Finance

Section 1. Dividends. The Board of Directors shall have power to fix and determine and to vary, from time to time, the amount of the working capital of the Corporation before declaring any dividends among its shareholders, and to direct and

determine the use and disposition of any net profits or surplus, and to determine the date or dates for the declaration and payment of dividends and to determine the amount of any dividend, and the amount of any reserves necessary in their judgment before declaring any dividends among its shareholder, and to determine the amount of the net profits of the Corporation from time to time available for dividends.

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on the last day of December in each year and shall begin on the next succeeding day, or shall be for such other period as the Board of Directors may from time to time designate with the consent of the Department of Taxation and Finance, where applicable.

ARTICLE VIII

Miscellaneous Provisions.

Section 1. Stock of Other Corporations. The Board of Directors shall have the right to authorize any director, officer or other person on behalf of the Corporation to attend, act and vote at meetings of the Shareholders of any corporation in which the Corporation shall hold stock, and to exercise thereat any and all rights and powers incident to the ownership of such stock, and to execute waivers of notice of such meetings and calls therefor, and authority may be given to exercise the same either on one or more designated occasions, or generally on all occasions until revoked by the Board. In the event that the Board shall fail to give such authority, such authority may be exercised by the President in person or by proxy appointed by him on behalf of the Corporation.

Any stocks or securities owned by this Corporation may, if so determined by the Board of Directors, be registered either in the name of this Corporation or in the name of any nominee or nominees appointed for that purpose by the Board of Directors.

Section 2. Books and Records. Subject to the New York Business Corporation Law, the Corporation may keep its books and accounts outside the State of New York.

Section 3. Notices. Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in a post

office box in a sealed postpaid wrapper, addressed to the person entitled thereto at his last known post office address, and such notice shall be deemed to have been given on the day of such mailing.

Whenever any notice whatsoever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation or these By-Laws a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. Amendments. Except as otherwise provided herein, these By-Laws may be altered, amended or repealed and By-Laws may be made at any annual meeting of the shareholders or at any special meeting thereof if notice of the proposed alteration, amendment or repeal or By-Law or By-Laws to be made be contained in the notice of such special meeting, by the holders of a majority of the shares of stock of the Corporation outstanding and entitled to vote thereat; or by a majority of the Board of Directors at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors, if notice of the proposed alteration, amendment or repeal, or By-Law or By-Laws to be made, be contained in the Notice of such Special Meeting.

MINUTES OF FIRST MEETING
OF THE BOARD OF DIRECTORS
OF
ESSEX COMMUNICATIONS, INC.

Held: December 8 1997

The first meeting of the Board of Directors of the corporation was held on the above date at 3 PM o'clock P.M., at 826 James St, Pelham NY at the call of a majority of the Board.

The following Directors constituting a quorum, were present:

Anthony Scalice - Chairman and President

Robin L. Marshlow - Vice President

Wesly Minella - Secretary and Treasurer

The meeting was called to order and was designated to act as chairman and as secretary of the meeting.

The chairman stated that the purpose of the meeting was to take all steps necessary to complete the organization of the corporation and to enable it to commence business.

The first order of business was the election or designation of officers at this corporation. There being no contest, the following were elected by proclamation to serve as officers until the next annual meeting of the Board or until their successors are elected and qualified:

<u>Office</u>	<u>Name</u>
President	ANTHONY SCALICE
Vice President	ROBIN L. MARSHLOW
Secretary	WESLY MINELLA
Treasurer	WESLY MINELLA

The president and secretary assumed their respective offices, in the places of those who temporarily acted as such for this meeting.

The minutes of the organizational meeting of the incorporator (s) held on December 8 1997, were read and it was thereupon unanimously

RESOLVED, that the actions and business transacted by the incorporator (s) at the organizational meeting held on December 8 1997, and entered on the minutes of that meeting, be and they are hereby ratified and adopted by this Board.

The annexed resolutions, deemed necessary to complete the organizational procedures, were introduced, discussed and adopted.

ORGANIZATIONAL RESOLUTIONS
ADOPTED BY THE BOARD OF DIRECTORS
OF

1. The seal, an impression of which is affixed to the left hereof, is adopted as the seal of the corporation.
2. The form of stock certificate annexed hereto is adopted as the form of stock certificate for the corporation.

3. (a) The corporation accepts the offer of the following persons to purchase the number of shares of stock of the corporation shown in exchange for the consideration set opposite their names:

Name of Subscriber	Number and Classes of Shares	Consideration Per Share	Aggregate Consideration
ANTHONY SCALICE	10 \ Common	\$ 10.00	100 $\times \frac{1}{100}$
LYNN MINELLA	45 \ Common	\$ 10.00	450 $\times \frac{1}{100}$
TN CAPITAL GROUP INC.	45 \ Common	\$ 10.00	450 $\times \frac{1}{100}$

(b) The president, and secretary or treasurer of the corporation are hereby authorized and empowered to issue to the foregoing named persons certificates evidencing the number of shares of the stock of the corporation set opposite each name upon receipt by the corporation of the aggregate consideration specified.

4. The corporation shall open a banking account or accounts
with *FIRST UNION TRUST*

and execute the annexed banking resolution for that purpose.

5. (a) The president and treasurer of the corporation are authorized and empowered to pay all expenses incurred in connection with the organization of the corporation, including filing, license, attorneys' and accountants' fees.

(b) The corporation elects to deduct on its first federal income tax return the foregoing expenses ratably over a sixty month period, starting with the month in which the corporation begins business, pursuant to Section 248 of the Internal Revenue Code of 1954.

6. The president and all other officers of the corporation are authorized and directed to take all steps necessary to cause the corporation to engage in the business of *Local and Long Distance Telephone Services and Resellers*

7. (a) The president is authorized on behalf of the corporation to negotiate for and to ~~Lease~~ in the name of the corporation the premises commonly described as ~~Med F&A Lease~~

upon the terms and conditions specified in Schedule annexed hereto, and upon such further terms and conditions as the president shall deem necessary, proper and in the best interests of the corporation.

(b) The president and secretary, or an assistant secretary, are authorized to execute in the name of the corporation all documents necessary in the judgment of the president to effectuate this resolution.

8. The following plan is adopted in order to issue stock pursuant to Section 1244 of the Internal Revenue Code of 1954:

WHEREAS, the corporation wants to attract investment in the corporation. And Compliance with Section 1244 of the Internal Revenue Code will enable shareholders who suffer a loss on the sale or exchange of their shares to treat that loss as an "ordinary loss" on their personal income tax returns:

NOW THEREFORE, BE IT RESOLVED, that the proper officers of the corporation are hereby authorized to sell and issue common shares provided that the aggregate amount of money and other property received by the corporation for stock, as a contribution to capital, and as paid-in surplus, does not exceed \$1,000,000.00; and


RESOLVED, that the sale and issuance of such shares be conducted in accordance with IRC Sec. 1244; and

RESOLVED, that the corporation keep proper accounting records so that any shareholder who experiences a loss on the transfer of common shares may properly determine if they qualify for "ordinary loss" treatment on their personal income tax returns.

Omit
9. (a) The corporation elects to be taxed for federal income tax purposes in accordance with the provisions of Subchapter S of the Internal Revenue Code of 1954.

(b) The officers of the corporation shall take all actions necessary and proper to effectuate the foregoing resolution, including obtaining the requisite consents from shareholders and executing and filing appropriate forms on behalf of the corporation within the time limits specified by law.

No further business being presented, the meeting was duly adjourned.



Wesley Minella Secretary

Dated:

11/8/97

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Attachment C

Certificate of Authority to Transact Business in the State of Tennessee

Secretary of State

Corporations Section

mes K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 05/18/00
REQUEST NUMBER: 3913-0721
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 05/17/00 1018
EFFECTIVE DATE/TIME: 05/17/00 1018
CONTROL NUMBER: 0389681

TO:
UNISEARCH, INC.
% SUITE, #300
1295 HANADANA BLVD, N
ST. PAUL, MN 55108

RE:
ESSIX COMMUNICATIONS, INC.
APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF
AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE
ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE
CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN
NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE
REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE
ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS
OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED
AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION
OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

ON DATE: 05/18/00

FROM:
UNISEARCH, INC. (MN)
1295 HANADANA BLVD, N
SUITE 300
ST. PAUL, MN 55108-0000

RECEIVED: FEE: \$600.00 \$0.00
TOTAL PAYMENT RECEIVED: \$600.00

RECEIPT NUMBER: 00002690217
ACCOUNT NUMBER: 00202444



Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

Secretary of State

Corporations Section

James K. Polk Building, Suite 1800

Nashville, Tennessee 37243-0306

DATE: 05/18/00

REQUEST NUMBER: 3913-0726

TELEPHONE CONTACT: (615) 741-2286

FILE DATE/TIME: 05/17/00 1018

EFFECTIVE DATE/TIME:

CONTROL NUMBER: 0389681

TO:
UNISEARCH, INC.
SUITE, #300
1295 BANDANA BLVD, N
ST. PAUL, MN 55108

RE:
ELEC COMMUNICATIONS
APPLICATION FOR REGISTRATION OF ASSUMED CORPORATE
NAME

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED ASSUMED NAME
REGISTRATION FOR A FIVE YEAR PERIOD BEGINNING WITH AN EFFECTIVE DATE AS
INDICATED ABOVE.

THE CORPORATION MAY RENEW THE RIGHT TO USE THIS NAME WITHIN TWO
(2) MONTHS PRECEDING THE EXPIRATION OF SUCH RIGHT, FOR A PERIOD OF FIVE (5)
YEARS, BY FILING AN APPLICATION WITH THE SECRETARY OF STATE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR REGISTRATION OF ASSUMED CORPORATE ON DATE: 05/18/00
NAME

FROM:
UNISEARCH, INC. (MN)
1295 BANDANA BLVD, N
SUITE 300
ST. PAUL, MN 55108-0000

RECEIVED:	FEES	
	\$20.00	\$0.00
TOTAL PAYMENT RECEIVED:		\$20.00
RECEIPT NUMBER:	00002690218	
ACCOUNT NUMBER:	00202444	



Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

ESSEX COMMUNICATIONS
d/b/a eLEC Communications

Attachment D

Status of Essex in other States

Essex is certificated to provide local and long distances services in Connecticut, Florida, Kentucky, Massachusetts, and Virginia. In addition, Essex has applications pending in Maryland, New Jersey and Pennsylvania. The Company plans on filing UNE-P CLEC applications in 28 states before the end of June, 2000.

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Attachment E

Financial Statements

Statement of Financial Capability

The purpose of this document is to highlight the financial strengths of the Company and serve as the Company's Statement of Financial Capability.

The Parent Company of Essex Communications, Inc. is financially committed to the successful launch of Essex Communications as a local service provider in twenty-eight (28) by June, 2000. In support of the parent company's financial status, the following are attached:

SEC Form 10-K for the fiscal year ended November 30, 1999

SEC Form 10-Q for the quarter ended February 29, 2000

Summary

As noted in the analysis documented above, Essex Communications, Inc.'s parent company eLEC Communications Corp. has prepared prudently for its venture into the local exchange services market. The Company is positioning itself to add large amounts of revenue growth while keeping expenses under control. The Company has sufficient financial capability to provide the requested telecommunication services, sufficient financial capability to meet all lease and ownership obligations, and sufficient financial capability to maintain a large Customer base.

<DOCUMENT>
<TYPE>
<TEXT>

10-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 1999

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File No. 0-4465
eLEC COMMUNICATIONS CORP.

(Exact name of Registrant as specified in its charter)

New York

13-2511270

(State or other jurisdiction
of incorporation or organization)

(IRS employer
identification no.)

509 Westport Avenue, Norwalk, Connecticut
(Address of principal executive offices)

06851
(zip code)

Registrant's telephone number, including area code: (203) 750-1000.

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value \$.10 per share

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [].

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. _____

As of February 15, 2000, the aggregate market value of the voting stock held by non-affiliates of the Registrant was \$46,098,656.

As of February 15, 2000, there were 11,524,664 shares outstanding of the Registrant's Common Stock.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the Registrant's 2000 Annual Meeting of Stockholders are incorporated by reference into Part III.

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The statements contained in this Report that are not historical facts are "forward-looking statements" which can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. Management wishes to caution the reader of the forward-looking statements, that such statements, which are contained in this Report, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee, and general business factors affecting the Company's operations, markets, growth, services, products, licenses and other factors discussed in the Company's other filings with the Securities and Exchange Commission, and that these statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing the Company, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation: (1) the availability of additional funds to successfully pursue the Company's business plan; (2) the Company's ability to maintain, attract and integrate internal management, technical information and management information systems; (3) the time and expense to construct the Company's planned network operating center and digital subscriber line network; (4) the cooperation of incumbent carriers in implementing the unbundled network elements platform required by the Federal Communications Commission; (5) the Company's ability to market its services to current and new customers and generate customer demand for its products and services in the geographical areas in which the Company can operate; (6) the Company's success in gaining regulatory approval to access new markets; (7) the Company's ability to negotiate and maintain suitable interconnection agreements with the incumbent carriers; (8) the availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost; (9) the impact of changes in telecommunication laws and regulations; (10) the intensity of competition; and (10) general economic conditions. All written and oral forward looking statements made in connection with this Report that are attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Part I

In this Annual Report on Form 10-K, we will refer to eLEC Communications Corp., a New York Corporation, as "eLEC," the "Company," "we," "us," and "our."

Item 1. - Business

Overview

eLEC Communications Corp. is a full-service telecommunications company that focuses on developing integrated telephone service in the emerging competitive local exchange carrier industry. We offer an integrated set of telecommunications products and services, including local exchange, local access, domestic and international long distance telephone, calling cards, paging, Internet access, dedicated access, Web site design, Web site hosting, Internet-based yellow-pages directory listings and other enhanced and value-added telecommunications services tailored to meet the needs of our

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customers and the growing marketplace demand from small- and medium-sized businesses for reliability and speed. As part of our nationwide expansion plan, we have completed the deployment of our first network node in a planned 18-node build-out to provide high speed Internet access via digital subscriber lines ("DSL"), and for the anticipated provisioning of Voice over DSL.

We believe that the Telecommunications Act of 1996 (the "Telecommunications Act"), which opened the local exchange market to competition, has created an attractive opportunity for competitive local exchange carriers ("CLECs"), such as eLEC. Like most CLECs, our entry in this industry was dependent upon the provisions of the Telecommunications Act that allow CLECs to lease various elements of the networks of the incumbent local exchange carriers ("ILECs") that are necessary to provide local telephone service in a cost-effective manner. This aspect of the Telecommunications Act is referred to as "unbundling" the ILEC networks, and allows us to lease unbundled network elements on an as-needed basis and provide such elements to our customers at a lower cost than that which the ILEC is charging.

The majority of our installed access lines are provisioned on the unbundled network elements platform ("UNE-P"). We believe that the use of this platform is the most cost-effective manner in which we can provide voice service. Other CLECs have invested a substantial amount of capital to buy switches and rollout fiber, only to find that their equipment is severely underutilized and that there is a significant shortfall in their revenue stream when compared to their capital investment. We refer to this strategy as a "facilities-first" strategy, because the CLEC has invested in its equipment and placed the equipment in service before the CLEC has developed a customer base. Our strategy is a "customer-first," or a "deferred-build" strategy. We therefore lease facilities on an as-needed basis from ILECs while we build our customer base. After we have a substantial geographical concentration of customers, we make decisions regarding the purchase and installation of our own network equipment. This strategy allows us to be very flexible with our customer base as we grow our business. We can move our customer base to alternative access, if appropriate, and we do not become a captive of our own underutilized equipment, as can happen with a "facilities-first" CLEC. The technological advances in equipment and the lowering of equipment prices have validated our deferred-build strategy and have enabled us to preserve our capital.

Our strategy for building our data network is similar to our strategy for building our voice network. We currently provide dial-up access and dedicated access on our own network in Connecticut, where we have a geographical concentration of customers, and we lease facilities from another Internet service provider to provide our customers with nation-wide dial-up access. As of February 15, 2000, we have installed one Point of Presence ("POP") in Miami, Florida for high-speed Internet access via DSL and for Voice over DSL. We chose the Miami location because we have, through an affiliated company, an established customer base in the Miami area of approximately 2,000 customers. We are planning to build out an 18-node data network throughout the East coast to carry DSL and Voice over DSL to our customer base.

We believe we can provide competitive service in every state in which we can utilize UNE-P and we plan a nationwide rollout to take advantage of a recent Federal Communications Commission ("FCC") ruling mandating the UNE-P service offering. Our marketing and expansion efforts are focused primarily on states that have quickly adopted the UNE-P service offerings, which initially included the nine states served by BellSouth Corporation ("BellSouth"), plus New York and Massachusetts. Under UNE-P, we can provide service with significantly lower capital requirements than either fiber-based or wireless CLECs, and offer our services to a broader customer base faster and at a lower cost. The ability to quickly provision accounts and to deliver reliable service at a lower cost than offered by the ILECs should provide us with certain competitive advantages as we market our services to small- and medium-sized businesses.

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Development of Business

The Company was incorporated in the state of New York under the name Sirco Products Co. Inc. in 1964, and we subsequently changed our name to Sirco International Corp. We initially developed a line of high quality handbags, totes, luggage and sport bags to be sold at competitive prices. In 1995, we divested our handbag operations, which had experienced several years of operating losses. Although we were profitable in fiscal 1996, declining revenues in our next two fiscal years, combined with operating losses, forced us to analyze other business opportunities. In August 1997, to help bolster luggage division sales and to provide a channel of distribution to a mobile customer base that would be a potential target for online Internet sales, we acquired a retail operation, Airline Ventures, Inc. ("AVI"), which sells travel and aviation related products to professional airline crew members.

In October 1997, we made our first investment in a CLEC, Access One Communications, Inc. ("Access One"), when we purchased approximately 28% of Access One's outstanding capital stock. Access One was a newly-formed CLEC with approximately 2,000 installed local access lines that looked to us for growth capital to meet its business plan. Our Board of Directors believed that Access One's "customer-first" growth strategy of obtaining a customer base first and later building an equipment network around a geographically concentrated customer base was a compelling strategy that would utilize capital wisely and yield high valuations in the future. At February 15, 2000, we were the largest shareholder of Access One, owning approximately 21% of Access One's capital stock. Access One has advised us that, at February 15, 2000, they had approximately 60,000 installed local access lines.

We commenced operations in the telecommunications industry in fiscal 1998 by acquiring on February 27, 1998, Essex Communications, Inc. ("Essex"), a newly-formed CLEC formed to attract and retain a geographically concentrated customer base in the metropolitan New York region, primarily through the resale of products and services of incumbent and alternative facilities-based local providers. We provisioned our first line in May 1998 and, including lines for which we have contracts to install, we had over 20,000 lines as of February 15, 2000. Essex has customers in Florida, Massachusetts, New York, New Jersey and Virginia.

In furtherance of our telecommunications strategy, on August 14, 1998, we acquired WebQuill Internet Services, LLC ("WebQuill"), an Internet service provider ("ISP") based in Connecticut. WebQuill is a full-service, value-added ISP providing national dial-up access, dedicated access, high-speed DSL access, Web site design, Web site hosting, Internet-based yellow-pages directory listing, and E-commerce sites.

Due to our increased focus on E-commerce sites, Internet access and telecommunications services, and the significant decrease in luggage division sales in recent fiscal years, our Board of Directors decided in July 1999 to divest the Company's luggage division, and we sold a substantial portion of the assets of our U.S. luggage operations in August 1999. Since such time, we have liquidated the remaining operating assets of our U.S. and Canadian luggage businesses. Our luggage segment has been classified as a discontinued operation in our income statement, and this segment has reported significant net operating losses for each of the last three fiscal years. See Note 8 of the Notes to Consolidated Financial Statements.

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To signify our new business focus, we recommended, and in November 1999 our shareholders approved, a name change to eLEC Communications Corp. Our main business focus had changed to the local exchange market, which is estimated to be more than \$50 billion in annual revenues and one of the most profitable segments in the communications industry. With this new focus, we wanted our company name to include the letters LEC, representing our focus on being a local exchange carrier. However, in this electronic age and with our wholly-owned ISP to provide Internet access, DSL services and Web site design and hosting, we believed the term "e" LEC more appropriately described our new business operations. We consequently changed our name to eLEC Communications Corp., our ticker symbol to ELEC and our domain name to www.elec.net.

In January 2000, we acquired a New Jersey-based CLEC, Telecarrier Services, Inc. ("Telecarrier"). Telecarrier currently operates as a CLEC in the states of Massachusetts, New Jersey, New York and Rhode Island. It also resells long distance service in 13 states. The addition of Telecarrier is an important step in creating an additional marketing channel for eLEC. See "Sales and Marketing Strategies."

Information concerning sales, business segment operations and identifiable assets attributable to each of our reportable industry segments can be found in Note 9 of the Notes to Consolidated Financial Statements and is incorporated herein by reference.

eLEC's Telecommunications Services

We tailor our service offerings to meet the specific needs of small businesses, not-for-profit organizations, governmental agencies and other institutional customers in our target markets. We primarily market our services through three different distribution channels. We use third-party telemarketers to attract small-business accounts (typically two to ten lines in size), we use third-party agents and interconnect companies to attract medium-sized business accounts (typically ten to 100 lines in size), and we use our own management team to attract wholesale accounts (typically 100 lines or more in size). Based upon feedback received from our customers and analysis of the types of services the entities in each of these groups need, we tailor a basic telecommunications service package, which can be promptly adjusted to the specific needs of individual customers. We creatively package our services to provide "one-stop shopping" solutions for our customers, so they can purchase all their communications services directly from us. Listed below are the basic categories of services that we offer:

- o Local Exchange Services. We offer local exchange services, starting with local dial tone, plus numerous features, the most common of which are call waiting, call forwarding, caller ID and dial back features. By offering local dial tone, we also receive originating and terminating access charges for interexchange calls placed or received by our subscribers.

- o Long Distance. In addition to our local telephone service, we offer long distance services as part of a bundled product to customers through agreements we have with a national long distance carrier. The long distance services include domestic service, such as interLATA, which are calls that pass from one "Local Access and Transport Area" or "LATA" to another LATA, and intraLATA, which are calls that stay within the LATA in which they originated, but are beyond the distance limits of the local calling plan. Our services also include international calling, toll-free services (800, 888, 877), calling card and other enhanced services.

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o Internet and Data Services. We offer dedicated and dial-up Internet access services via conventional modem connections, integrated services digital networks, T-1s and higher speed dedicated connections. In addition, we have installed our first node to carry DSL services, and we plan to offer Voice over DSL before the end of fiscal year 2000.

o Web Site Design and Hosting Services. We offer Web site design services and Web site hosting on our own computer servers to provide customers with a complete, user-friendly product for presence on the World Wide Web. We have built and are currently providing for our customers E-commerce sites, an interactive comparative insurance rater site, and an interactive auction site.

o Yellow Pages Directory Services. Our local telephone service customers are given a free Web page for six months in our Internet yellow pages directory. This page is also sold for \$24.95 per month to non-telephone customers. The site is accessed by more than 80% of Internet search engines, and offers links to other sites and the ability for our customers to receive a fax or email message directly from the user who has found the site. In the second quarter of fiscal 2000, we intend to market this product on a wholesale basis for business-to-business applications.

o Facilities and System Integration Services. We offer individual customer consultation services with regard to the design and implementation of complete telecommunications systems to meet customers' specific needs, including the selection of customer premises equipment, interconnection of local area networks and wide area networks, and implementation of virtual private networks.

o Hosted Applications. We plan to offer hosted applications to our customers, especially to small-sized businesses that do not have the resources to hire their own management information services director. We anticipate that such application hosting will be important to entities that use high-speed Internet access services, such as DSL, and will help differentiate us from other DSL providers that only provide access services.

Business Strategy

Our goal is to be a premier facilities-based integrated communications provider to small- and medium-sized businesses. We are taking the following action steps in order to achieve this goal:

o Target Small- and Medium-sized Businesses. We focus our telecommunications sales efforts for local and long distance services on small- and medium-sized businesses having two to 100 business lines in any one location. We believe that these customers prefer a single source for all their telecommunications services. We have chosen to focus on this segment based on our ability to obtain ample gross margins on UNE-P for the services provided to these customers. We also believe that, as compared to larger businesses, the ILECs and facilities-first CLECs may be less likely to apply significant resources to obtaining or retaining these customers. We expect to attract and retain these customers through telemarketers and agents, by offering bundled local and long distance services at competitive rates, as well as enhanced telecommunication services, by responsive customer service and support and by offering new and innovative products, such as our yellow pages directory Web sites known as QuillPages.

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o Achieve Market Share with Competitive Pricing. We always price our services at a discount to the exact same services provided by an ILEC. We believe we know what the ILECs charge because we have access to the rates they have filed with the various state public service commissions, and we typically review the telephone bill of a potential customer before we switch them to our network so that we are aware of the prices they were paying and of any contractual obligations. We anticipate that some ILECs may reduce their prices as increased competition begins to erode their market share. We believe, however, that we will be able to compete as prices decrease, because of our low network costs and because we will be providing a variety of bundled telecommunications services and will not have to rely on price alone to maintain our core customer base.

o Develop Brand Awareness. With the change of our name to eLEC Communications Corp., we are applying for the right to do business under the brand name eLEC Communications in all of the states in which we operate. We want to invoice the customers of our wholly-owned subsidiaries, Essex, WebQuill and Telecarrier, under the eLEC Communications name, and use the eLEC name to create and develop a brand awareness in the territories in which we operate. We are positioning eLEC as a high quality, service-orientated company that provides reliable telecommunications quality, service and advice at competitive prices.

o Rapidly Deploy New Customers. We intend to take advantage of our ability to rapidly provision new accounts in our existing service areas, and to rapidly enter new service areas because of our low capital requirements to enter new states. Our choice of states on which to focus will depend on when the particular state adopts the use of UNE-P. We anticipate that Pennsylvania and Texas will be the next two major states that we target. We typically provision a new account within two or three days after we have received a letter of authorization to place a new customer on our network. We know of no facilities-first carrier that can provision lines this quickly.

o Provide our Customers More than Local Telephone Services. Although our focus is on the more than \$50 billion local exchange market, and we anticipate that the sales growth and margins associated with this market will represent our core business, the additional products and services we offer, including Internet access, email addresses, Web site design and Web site hosting, yellow pages directory listing, DSL access, applications hosting and virtual private networks, will be an important attraction to our customers. We believe the more services we can provide, the more integral we will become to our customers.

Sales and Marketing Strategies

We offer an integrated package of local exchange, local access, domestic and international long distance, and calling cards and a full suite of Internet access, Web site design and Web site hosting to small- and medium-sized businesses. Virtually all of our customers have no telecommunications manager and look to us to suggest an appropriate telecommunications solution. Each account is assigned a customer service representative and we answer the telephone during business hours with a live person instead of sending our customers through several voice mail loops before reaching a person to whom they can speak. We have a three-tiered sales and marketing strategy to sell to our target market.

o Telemarketing Programs. We use third-party telemarketing firms to sell our smaller accounts. Most accounts in this group choose our telephone service because they do not like the customer service they receive from their ILEC and because they will save money using our services. We have proven that this strategy works for us, as almost all of our first 10,000 customer lines

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came from the telemarketing channel, and most of the organic growth at our affiliate, Access One, came from third-party telemarketers. This method allows us to keep our marketing costs variable-based and minimizes the need to have fixed overhead committed to our sales force.

o Agent and Interconnect Company Programs. We also use agents and interconnect companies to generate leads for new customers. We pay a success fee to the agents and interconnect companies for recommending our services. Most of these referrals are current equipment customers or long distance customers of the agent or interconnect company. Therefore, it is important that the agents and interconnect companies understand the benefits of the services that we offer because they do not want to tarnish an existing customer relationship by inappropriately recommending us. We find that our pricing and the flexibility of our services, combined with our special customer service group for the interconnect companies, allows us to satisfy the needs of the referrals we receive in this distribution channel. Two executives from our recently acquired subsidiary, Telecarrier, have extensive established business relationships with interconnect companies. Many of their current accounts were referrals from established business relationships, and we believe our Telecarrier employees will continue to develop for us this market segment.

o Wholesale Programs. We offer special wholesale pricing for accounts with several hundred local access lines. One such customer has agreed to provide us with a minimum of 9,000 local access lines, and we anticipate that during fiscal 2000 we will be able to attract other wholesale customers who will bring us thousands of new lines. We use a direct sales effort to sell in this market. Separate customer service representatives are assigned to support this customer base.

This sales and marketing strategy minimizes the need for us to invest in fixed sales and marketing overhead. Unlike the facilities-first CLECs, who need to rapidly attract customers for their underutilized telecommunications equipment, and who invest substantial amounts of salary and rent expense to open sales offices in their targeted markets, we do not have the same pressure to find qualified leads for our facilities. Furthermore, under UNE-P, our reach is ubiquitous, as we can serve any customer that is being served by the ILEC. A facilities-first CLEC typically searches only for customers that it can provision on the switches and fiber that it has installed in the hope of finding customers to utilize such equipment. Consequently, we believe our deferred-build strategy not only saves us from unnecessarily building a network without customers, it also allows us to more wisely expend our sales and marketing dollars by limiting the amount of fixed overhead that is required to rapidly grow our business.

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Competition in the Telecommunications Industry

Local Telecommunications Market

The local telecommunications market is a highly competitive environment and is dominated by the Regional Bell Operating Companies ("RBOCs") and other ILECs. Based upon the geographical locations in which we currently sell services, Bell Atlantic Corporation ("Bell Atlantic") and BellSouth are our largest competitors. Both entities have "win-back" programs through which they approach former customers lost to a CLEC or other competitor in an attempt to have the former customers switch back to the RBOC. Most of our actual and potential competitors, including most of the facilities-first CLECs, have substantially greater financial, technical, marketing and other resources (including brand name recognition) than we do. Furthermore, the continuing trend toward business alliances in the telecommunications industry and the lack of substantial barriers to entry in the data and Internet services markets could help to generate substantial new competition. We anticipate that we will be able to compete based upon our pricing, reliability, customer service and rapid ability to provision accounts and respond to customer requests. Our established competitors, such as the RBOCs, are able to compete effectively because they have long-term existing relationships with their customers, strong name recognition, abundant financial resources, and the ability to cut prices of certain services by subsidizing such services with revenues generated from other products. Although the Telecommunications Act reduced barriers to entry into the local market, future regulatory decisions could provide RBOCs with more pricing flexibility, which would result in increased price competition.

We also face competition in the local market from new entrants to the fixed wireless market, such as Winstar Communications, Inc., Teligent, Inc. and NextLink Communications, Inc. Many of these entrants have the strategy of bypassing the RBOCs in order to provide local access to their customers. By not having to rely on the RBOC for local service connections, the fixed wireless companies are able to keep more of their sales dollar for themselves. However, if this access method becomes more price competitive and reliable, we believe we will have the flexibility, with our current local customer base, to switch all or a portion of our customer base to the wireless facilities by negotiating appropriate terms with one or more wireless carriers.

In addition to competition from RBOCs, other CLECs and wireless entities, several other entities currently offer or are capable of offering local service, such as long distance carriers, cable television companies, electric utilities and microwave carriers. These entities, upon entering into appropriate interconnection agreements or resale agreements with ILECs, can offer single source local and long distance services like those we offer. For example, long distance carriers, such as AT&T Corp., MCI WorldCom and Sprint Corporation, among other carriers, have each begun to offer local telecommunications services in major U.S. markets using the unbundled network elements platform or by reselling the ILECs' services.

Long Distance Telecommunications Market

The long distance market, in comparison to the local market, has relatively insignificant barriers to entry and has been populated by numerous entities that compete for the same customers by frequently offering promotional incentives and lower rates. We compete with numerous such companies who do not offer any service other than long distance, and we compete with established major carriers such as AT&T and MCI WorldCom. We believe our bundled package of local services and a variety of data services will help us compete in this

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market. We will also have to maintain high quality and low cost services to compete effectively. In many instances, we must be in a position to reduce our rates to remain competitive. Such reduction could be harmful to us if we do not also provide other services to our long distance customers. With the advent of long distance voice services over the Internet, and our launch of Voice over DSL during fiscal year 2000, we anticipate substantial price reductions in long distance services for those customers who purchase a bundled package from us that includes routing the long distance voice traffic over the Internet.

Internet and Other Data Services

The Internet and data service industry is intensely competitive. We receive significant competition in the delivery of Internet services to small-and medium-sized businesses, our target market. Other ISPs, ILECs and CLECs are attempting to provide various dial-up, dedicated and high-speed Internet access services. We believe we can remain competitive to a certain niche because we also provide Web site design, Web site hosting, E-commerce sites, auction sites, yellow-pages service directory, DSL services and hosted applications, in addition to being a local telecommunications company. We anticipate that this diverse product range will help us attract new customers and reduce customer churn.

Government Regulation

Local and long distance telecommunications services are subject to regulation by the FCC and by state regulatory authorities. Among other things, these regulatory authorities impose regulations governing the rates, terms and conditions for interstate and intrastate telecommunications services and require us to file tariffs for interstate and international service with the FCC and obtain approval for intrastate service provided in the states in which we currently market our services. We must obtain and maintain certificates of public convenience and necessity from regulatory authorities in the states in which we operate. We are also required to file and obtain prior regulatory approval for tariffs and intrastate services. In addition, we must update or amend the tariffs and, in some cases, the certificates of public convenience and necessity, when rates are adjusted or new products are added to the local and long distance services we offer. Changes in existing laws and regulations, particularly regulations resulting in increased price competition, may have a significant impact on our business activities and on our future operating results. We are also subject to Federal Trade Commission regulation and other federal and state laws relating to the promotion, advertising and direct marketing of our products and services. Certain marketing practices, including the means to convert a customer's long distance telephone service from one carrier to another, have recently been subject to increased regulatory review of both federal and state authorities. Even though we have implemented procedures to comply with applicable regulations, increased regulatory scrutiny could adversely affect the transitioning of customers and the acquisition of new customer bases. Amendments to existing statutes and regulations, adoption of new statutes and regulations and expansion of our operations into new geographic areas and new services could require us to alter our methods of operation or obtain additional approvals, at costs which could be substantial. There can be no assurance that we will be able to comply with applicable laws, regulations and licensing requirements. Failure to comply with applicable laws, regulations and licensing requirements could result in civil penalties, including substantial fines, as well as possible criminal sanctions.

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Backlog

When we invoice our customers for our telecommunications services, we invoice features and services in advance and usage in arrears. Due to the nature of our contractual agreements with the RBOCs, there is typically only an immaterial amount of backlog of unprovisioned customers at any given time, as a customer is typically switched from the RBOC to our network within two days of processing the provisioning order. As of February 15, 2000, we had orders from two customers for approximately 14,000 lines for which we were waiting to receive the provisioning information. Such lines may take up to one month to provision because of the large quantity of lines requested to be provisioned from just two customers. We are working with our customers to provision blocks of lines at a time so that there is an orderly transition of lines to our network.

eLEC's Retail Services

Our retail division is operated by our wholly-owned subsidiary, AVI, which is headquartered in Dallas, Texas. The objective of our retail division is to be a leading supplier of travel-related and telecommunications products to pilots and flight attendants. We operate in three retail stores that sell travel-related products primarily to American Airline employees, including the official pilot uniform and study guides for pilots. The stores also sell identification cards, uniform supplies and travel needs to flight attendants. In addition, the stores rent pagers to flight attendants who are on reserve duty and offer Internet access services and local and long distance telephone services. We plan to use the knowledge and experience gained with American Airlines to provide similar products and services to employees of other airlines and to develop effective E-commerce sites.

We believe professional airline crew members are excellent targets for online retail purchases, as they are constantly mobile and frequently stay in touch with family and job-related duties via the Internet. We have developed and will continue to develop E-commerce sites to augment our in-store sales with sales to these and other online purchasers. We currently market our travel related products through the E-commerce sites, www.avishop.com and www.800bags.com.

The target market for the retail division is professional airline crew members. Currently, we sell to pilots and flight attendants from American, Delta and Southwest Airlines. The business with American Airlines is the largest, as it includes selling the American Airlines pilot uniform and various approved apparel for both pilots and flight attendants. Two of the three retail locations we utilize are leased from American Airlines. Retail sales employees service walk-in customers and phone orders, and warehouse personnel process Internet orders.

The sale of product to crew members has not demonstrated any seasonality, as the customers are using the products on a daily basis as part of their normal work routine.

Our retail division operates without a backlog, as Internet orders and catalog orders are typically shipped within one day of receipt.

We purchase products for our retail division from various domestic suppliers who have license agreements to sell product displaying the American Airlines, Inc. logo or trade name. We also buy non-logo product from a variety of domestic sources.

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The competition for retail sales to professional airline crew members is highly fragmented and has few barriers to entry. Our ability to compete effectively is directly related to the level of cooperation and publicity that airlines generate for our retail outlets. Currently, we enjoy an advantage with American Airlines because we are allowed to sell certain products to American Airlines' employees on a payroll deduct program and we are allowed to sell pilot uniforms. These agreements, in addition to two leases from American Airlines for retail sites in Dallas, Texas, help to limit the extent of competition in the Dallas area. However, we compete nationwide against several online retailers and against retail stores in various cities that are important airline hubs.

Intellectual Property

We rely on a combination of copyright, trademark and trade secret laws and contractual restrictions to establish and protect our intellectual property. We do not currently have any registered copyrights or trademarks. All key employees have signed confidentiality agreements and we intend to require each newly hired employee to execute a confidentiality agreement. These agreements provide that confidential information developed by or with an employee or consultant, or disclosed to such person during his or her relationship with us, may not be disclosed to any third party except in certain specified circumstances. These agreements also require our employees to assign their rights to any inventions to us. The steps taken by us may not, however, be adequate to prevent misappropriation of our proprietary rights or technology.

We use several service marks in our business and intend to apply to register such service marks to protect our usage of such marks. There can be no assurance that we will be able to secure significant protection for all or any of our service marks. Our competitors or others could adopt product or service marks similar to our marks, or try to prevent us from using our marks, thereby impeding our ability to build brand identity and possibly lead to customer confusion.

We have received correspondence from an unrelated third party claiming that our use of the mark "Essex" in connection with telephone services infringes one of the company's United States registered trademarks and requesting that we cease and desist from using the Essex mark. We have responded by denying any infringement and no legal proceedings have been commenced against us with respect to this matter.

We are also aware of several other parties that use marks that are the same or similar to marks that we use, though in most instances, to the best of our knowledge, these parties are not in the same business as we are. There can be no assurance that others with marks similar to our marks will not bring suit to prevent us from using a particular mark. Defending or losing any litigation relating to intellectual property rights could materially adversely affect our business, results of operations and financial condition.

Other Affiliates

In addition to our investment in Access One, we have made investments in other entities for which we have performed Web site design services and may have future strategic relationships. At February 15, 2000, we had investments in the following entities: (See Note 14 of Notes to Financial Statements).

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RiderPoint, Inc. RiderPoint specializes in the development of comparative rating insurance software and sells motorcycle insurance through its wholly-owned subsidiary, RP Insurance Agency, Inc. RiderPoint provides fully integrated insurance solutions for carriers, agents, dealers and consumers through its innovative integration of the insurance process with Internet technology. Through its comparison rating insurance Web site, www.riderpoint.com, consumers are able to receive instant online motorcycle insurance quotes from top-rated insurance carriers, which gives the consumer the ability to comparatively shop for and purchase motorcycle insurance at one location.

SkyClub Communications Holding Corp. SkyClub offers digital satellite systems for the reception of direct television (over 200 channels of programming) and high speed Internet services. SkyClub features direct to home (DTH) satellite products from Hughes Network Systems, RCA, Sony and other licensed DIRECTV manufacturers. SkyClub markets satellite services that include DirectTV and DirecPC's Turbo Internet, which provides customers with high-speed (up to 400 Kbps) Internet services. SkyClub also recently began offering DIRECTV PARA TODOS(TM) to Spanish speaking communities.

Employees

At February 15, 2000, we employed 63 employees, of which 59 were employed on a full-time basis and five were employed on a part-time basis. At such date, 17 of our employees were employed in our executive offices in Norwalk, Connecticut; 28 were employed in Melville, New York, at our wholly-owned subsidiary, Essex; 12 were employed in our retail division stores in Dallas, Texas; five were employed in Edison, New Jersey, at our telecommunications subsidiary, Telecarrier; and one was employed in Mississauga, Canada. We are not subject to any collective bargaining agreement and believe that our relationship with our employees is good.

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Item 2. - Properties

The following table sets forth pertinent facts concerning our material properties at February 15, 2000, all of which are owned or leased by us or one of our subsidiaries:

<TABLE>

<CAPTION>

Property Owned:

Location	Use	Approximate Square Feet
<S>	<C>	<C>
1321 Blundell Road Mississauga Ontario, Canada L4Y 1M6	Rental property (2)	35,000 (leases out 35,000 SF)

<CAPTION>

Properties Leased:

Location	Use	Approximate Square Feet	Lease Expires	Annual Rent (1)
<C>	<C>	<C>	<C>	<C>
509 Westport Ave Norwalk, CT 06851	Executive Office	14,000	2/28/05	\$132,000
48 South Service Road Melville, NY 11747	Office	5,486	4/30/03	\$ 93,000
1090 King Georges Post Rd Edison, NJ 08837	Sales Office	2,500	10/31/01	\$ 40,000
24 Richmond Hill Avenue Stamford, CT 06901	Office	3,000	4/06/00	\$ 42,000
1930 W. Airfield Drive DFW Airport, TX 75261	Warehouse	2,000	7/31/00	\$ 39,000
Terminal C DFW Airport, TX 75261	Retail	1,700	8/24/00	\$ 30,000
8412 Sterling Suite B Irving, TX 75063	Warehouse	2,470	9/30/00	\$ 15,000
37 North Avenue Norwalk, CT 06851	Office	2,400	expired	\$ 38,400

</TABLE>

- (1) We are required to pay our proportionate share of any increase during the term of the lease in real estate taxes and expenses of maintaining the premises computed on the basis of the percentage of the total square footage of the premises occupied by us.
- (2) The property owned in Mississauga, Canada was formerly used as a warehouse for our luggage operations that have been discontinued. It is fully rented to two tenants.

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Our owned and leased space is fully utilized for the purposes set forth in the table above under the caption "Use," except for the new space in Norwalk, Connecticut which is currently being developed as our new executive offices and a network operating center. We believe the existing properties are suitable and adequate for our existing business.

Item 3. - Legal Proceedings

Other than the license and regulatory proceedings that routinely occur for telecommunication entities, as described under "Government Regulation," we are not currently a party to any legal proceeding that we believe will have a material adverse effect on our financial condition or results of operations.

Item 4 - Submission of Matters to a Vote of Security Holders

We held our 1999 Annual Meeting of Shareholders on November 10, 1999. The following are descriptions of the matters voted on and the results of such meeting:

Matter Voted On -----	For ---	Number of Shares -----	
		Against -----	Abstain -----
1. Election of Directors			
Joel Dupre	9,895,868		44,496
Eric M. Hellige	9,897,968		42,396
Paul H. Riss	9,896,978		43,386
Anthony Scalice	9,896,978		43,386
2. Proposal to change the name of the Company to eLEC Communications Corp.	9,907,332	30,332	2,700
3. Approval of an amendment to the Sirco International Corp. 1995 Employee Stock Option Plan to increase the number of shares of Common Stock reserved for issuance thereunder by 1,200,000 shares.	5,581,798	242,234	9,200

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Part II

Item 5. - Market for the Company's Common Equity and Related Stockholder Matters

Our common stock trades on The Nasdaq Small Cap Stock Market(R) under the symbol ELEC. The high and low sales price for each quarterly period of our last two fiscal years are listed below:

	High	Low
	----	---
Fiscal 1998		

1st Quarter	\$5.750	\$1.563
2nd Quarter	7.188	3.563
3rd Quarter	6.750	1.000
4th Quarter	1.969	0.656
Fiscal 1999		

1st Quarter	\$4.000	\$0.750
2nd Quarter	6.000	1.250
3rd Quarter	2.594	1.313
4th Quarter	3.219	1.250

As of February 15, 2000, there were 215 holders of record of the common stock and approximately 3,200 beneficial holders.

We have not declared any cash dividends during the past fiscal year with respect to the common stock. The declaration by our Board of Directors of any cash dividends in the future will depend upon the determination of as to whether, in light of our earnings, financial position, cash requirements and other relevant factors existing at the time, it appears advisable to do so. We do not plan to declare any dividends on our common stock in the foreseeable future.

During the fourth quarter of fiscal 1999, we acquired from RiderPoint, Inc. 500,000 shares of common stock of RiderPoint, Inc., in consideration of the issuance by us of 300,000 shares of our common stock; we issued 1,255,555 shares of our common stock, in conjunction with a private placement to raise \$1,412,500; we issued 100,000 shares of our common stock to the former shareholders of Essex in conjunction with the attainment of certain performance objectives agreed to in connection with the acquisition of Essex; We issued 272,000 shares of our common stock to Joel Dupre, the Chairman of the Board to cancel indebtedness to Mr. Dupre and others; and we issued 69,000 shares of our common stock in conjunction with the acquisition of Peconic Telco, Inc. Such transactions were effected pursuant to Section 4(2) of the Securities Act of 1933, as amended.

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Item 6. - Selected Financial Data

The following selected financial information has been taken from our consolidated financial statements. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this report.

<TABLE>

<CAPTION>

	Fiscal Years Ended November 30,				
	1999	1998	1997	1996	1995
	----	----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>
Earnings Statement:					
Net Sales	\$ 4,170	\$ 1,485	\$ 276	\$ --	\$ --
Gross Profit	1,167	541	92	--	--
Income (Loss) From Continuing Operations Before Provision for Income Taxes	(3,562)	(2,204)	(105)	--	--
Income (Loss) From Discontinued Operations	(3,943)	(2,772)	(2,763)	622	(996)
Net Income (Loss)	(7,506)	(4,977)	(2,868)	622	(996)
Net Income (Loss) From Continuing Operations per Common Share:					
Basic	(0.41)	(0.43)	(0.03)	--	--
Diluted	(0.41)	(0.43)	(0.03)	--	--
Cash Dividends	--	--	--	--	--
Balance Sheet:					
Working Capital	\$ (101)	\$ 334	\$ 5,107	\$ 1,553	\$ 1,142
Property, Plant, Equipment	212	835	827	888	650
Total Assets	7,297	11,029	14,042	9,577	10,013
Long-Term Debt (Less Current Maturities)	198	291	4,522	348	590
Stockholders' Equity	3,458	3,754	3,216	2,780	1,897

</TABLE>

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Item 7. - Management's Discussions and Analysis of Financial Condition and
Results of Operations

Certain statements set forth below under this caption constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to page 3 of this Annual Report on Form 10-K for additional factors relating to such statements.

Item 7. Management's Analysis and Discussion of Financial Condition and
Results of Operations

Fiscal Year 1999 Compared to Fiscal Year 1998

Continuing operations

Net sales for fiscal 1999 increased by approximately \$2,686,000 or approximately 181%, to approximately \$4,170,000 as compared to approximately \$1,484,000 reported in fiscal 1998. The following table presents our net sales by industry segment for the fiscal years ended November 30, 1999 and 1998:

<TABLE>

<CAPTION>

	Fiscal years ended		
	November 30,		

Industry segment	1999	1998	Increase
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Retail sales	\$1,895,000	\$1,111,000	\$ 784,000
Telecommunications	2,275,000	373,000	1,902,000
	-----	-----	-----
Total	\$4,170,000	\$1,484,000	\$2,686,000
	-----	-----	-----

</TABLE>

Net sales of our telecommunications division, which consisted of the operations of Essex and WebQuill, increased by approximately \$1,902,000, or approximately 510%, to approximately \$2,275,000 in fiscal 1999 as compared to approximately \$373,000 in fiscal 1998. This increase was attributable to the rapid growth in the number of installed access lines provisioned by us during the third and fourth quarters of fiscal 1999. Installed access lines amounted to approximately 2,400 on August 1, 1999 and grew to approximately 9,100 lines on November 30, 1999. Revenue for each installed access line averages approximately \$50 per month.

Net sales of our retail division, consisting of the operations of Airline Venture, Inc. ("AVI"), increased by approximately \$784,000, or approximately 71%, to approximately \$1,895,000 in fiscal 1999 as compared to approximately \$1,111,000 in fiscal 1998. The increase was partially attributable to the acquisition in January 1999 of Tag Air and partially attributable to increased product offerings. AVI operates three retail stores in Texas for professional airline flight crew members and sells pilot uniforms, study guides and travel products. Its products are also sold on the E-commerce sites www.avishop.com and www.800bags.com.

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The Company's gross profit increased by approximately \$626,000, to approximately \$1,167,000 reported in fiscal 1999 from approximately \$540,000 reported in fiscal 1998, and the gross profit percentage decreased to 28% in fiscal 1999 from 36% reported in fiscal 1998. The decrease in gross profit percentage was primarily attributable to the significant increase in sales of our telecommunications division, which has lower margins than our retail sales division. Gross profit percentages amounted to 41% for the retail division and 17% for the telecommunications division, respectively, for fiscal 1999. We expect the retail division's gross margin to continue at its current level and the telecommunication division's gross margin to increase as Essex converts its customer base from a resale service offering to the Unbundled Network Elements Platform ("UNE-P") service offering that is now available through Bell Atlantic Corporation in the States of New York and Massachusetts. Approximately 56% of our customer lines were converted from resale to UNE-P as of November 30, 1999. Furthermore, effective February 17, 2000, the FCC has mandated that the UNE-P service offering be offered in every state. This ruling should help us convert more of our installed access lines to UNE-P and obtain higher gross margins in our telecommunications division. We estimate that in most states, the gross profit achieved from the UNE-P service offering should be approximately 40%, as compared to a resold line, which generates a gross margin of approximately 9%.

Selling, general and administrative expenses increased by approximately \$1,559,000, or approximately 132%, to approximately \$2,741,000 in fiscal 1999 as compared to approximately \$1,182,000 in fiscal 1998. A major portion of the increase was directly attributable to increased labor and facility expenses incurred by our telecommunications division. This increase in expense is directly related to the significant increase in sales in fiscal 1999 as compared to fiscal 1998.

Interest expense from continuing operations amounted to approximately \$15,000 in fiscal 1999. There was less than \$1,000 of interest expense from our continuing operations during fiscal 1998.

At November 30, 1999, we were the largest shareholder of Access One Communications Corp. ("Access One"), owning approximately 21% of Access One's capital stock. As our investment in Access One is accounted for under the equity method of accounting, we are required to include our portion of Access One's net loss, up to the amount of our investment in Access One, in our results of operations. In fiscal 1999, we have recorded a loss of approximately \$1,662,000 as compared to a loss of approximately \$1,423,000 in fiscal 1998. We have been advised by Access One that their losses related to funding aggressive customer growth and the related costs associated with hiring employees to provision lines and provide customer service. As a result of the losses, our investment is now carried at \$0.

Discontinued operations

On August 11, 1999, we sold certain assets and assigned certain licenses of our domestic luggage division to Interbrand L.L.C., an unrelated accessories company, in furtherance of our previously announced plans to discontinue the operations of our wholesale luggage segment. In addition to purchasing inventory, equipment and other assets, Interbrand also hired certain of our employees, including our current Chairman of the Board, Joel Dupre. Upon being hired by Interbrand, Mr. Dupre resigned his position as our Chief Executive Officer, and we no longer employ him.

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The operating results of our wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in our consolidated statements of operations for all periods presented, including the prior period financial statements in which we have restated the operating results of our wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by our former wholesale luggage segment is included as operating expenses of such discontinued segment. For fiscal 1999, we reported a loss from discontinued operations of approximately \$3,179,000 and a loss on disposal of discontinued operations of approximately \$764,000. A cumulative loss on foreign currency translation adjustment of approximately \$572,000, which formerly was presented as a separate component of shareholder's equity, is now reflected as a loss related solely to the discontinued segment.

Fiscal Year 1998 Compared to Fiscal Year 1997

Net sales for fiscal 1998 increased by approximately \$1,209,000 to approximately \$1,485,000 as compared to approximately \$276,000 reported in fiscal 1997. Net sales of our retail division, consisting of the operations of AVI, increased by approximately \$835,000 in fiscal 1998 to approximately \$1,111,000 from approximately \$276,000 in fiscal 1997 as we reported a full year of retail operations in fiscal 1998 as compared to only three months in fiscal 1997.

Net sales of our telecommunications division amounted to approximately \$374,000 in fiscal 1998, its first year of operation. Essex operated as a reseller of local telephone services and value-added products in the states of Connecticut, Massachusetts, New Jersey, New York and Virginia. WebQuill, which was acquired in August 1998, provided dial-up and dedicated Internet access, Web design, hosting and E-commerce development to small-and medium-sized businesses.

Our gross margin increased in fiscal 1998 by approximately \$448,000 to approximately \$540,000 from approximately \$92,000 in fiscal 1997. The gross margin percentage increased to 36% in fiscal 1998, as compared to 33% in fiscal 1997. The increase in gross margin percentage is primarily due to the 44% gross margin from the retail division in fiscal 1998 as compared to 33% in fiscal 1997. The increases both in gross margin and gross margin percentage of the retail division are attributable to the operation of that business for a full year in fiscal 1998, as compared to a partial year of operations in fiscal 1997, which included start-up costs and operational expenses related to establishing appropriate vendor relationships and product offerings. The telecommunications division reported a gross margin of 14% in its first year of operations.

Selling general and administrative expenses increased in fiscal 1998 by approximately \$993,000, or approximately 525%, to approximately \$1,182,000 from approximately \$189,000 reported in fiscal 1997. This increase in expenses was primarily attributable to our telecommunications operations, which were not in operation in fiscal 1997, and to our retail division, which was only in operation for three months in fiscal 1997.

Interest expense amounted to less than \$1,000 in fiscal 1998 as compared to no interest expense in fiscal 1997. Both divisions operated without requiring a lending facility.

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At the end of fiscal 1998, we were the largest shareholder of Access One, owning approximately 31%. As our investment in Access One is accounted for under the equity method of accounting, we were required to include our portion of Access One's net loss in our results of operations. For fiscal 1998, we recorded a loss of approximately \$1,423,000 relating to our investment in Access One. We have been advised by Access One that Access One's losses in fiscal 1998 were primarily the result of funding aggressive customer growth and the related costs associated with hiring employees to verify and provision lines, to staff a customer service operation and to develop a management information system. In addition, in fiscal 1998, Access One purchased local telephone service from BellSouth at a wholesale discount of 16.8% and passed on almost half of its discount to its customer base. The gross profit on this business was not large enough to cover the selling, general and administrative expenses associated with operating a local telephone company.

Liquidity and Capital Resources

At November 30, 1999, the Company had cash and cash equivalents of approximately \$591,000 and a working capital deficit of approximately \$101,000, an increase of approximately \$239,000 and a decrease of approximately \$435,000, respectively, over amounts reported at November 30, 1998. The decrease in working capital resulted primarily from the losses incurred from our former luggage segment and the costs associated with disposing of that segment.

Net cash provided by (used in) operating activities (including discontinued operations) aggregated approximately \$610,000, \$1,783,000 and (\$6,627,000) in fiscal 1999, 1998 and 1997, respectively. The decrease in the net cash provided by operating activities in fiscal 1999 as compared to fiscal 1998 is primarily due to our ability to reduce our accounts receivable balances in fiscal 1998 by approximately \$1,289,000, as compared to a reduction in fiscal 1999 of approximately \$213,000. Although we disposed of a substantial portion of the assets of our luggage division in August 1999, by November 30, 1999, we were successful in increasing the sales of our telecommunications division and consequently created new accounts receivable balances. The increase in net cash provided by operating activities (which primarily reflected the operations of our discontinued luggage division) in fiscal 1998 as compared to fiscal 1997, primarily reflected a decrease in inventory and accounts receivable offset by the increase in our net loss from operations. The reduction in inventory levels was primarily due to our ability to better manage purchases relative to sales forecasts and the lack of import quota purchase constraints in fiscal 1998 that existed in fiscal 1997. The reduction in accounts receivable primarily reflects tighter credit and collection policies.

Net cash used in investing activities aggregated approximately \$95,000, \$158,000 and \$58,000 in fiscal 1999, 1998 and 1997, respectively. The principal uses of cash from investing activities in fiscal 1999, 1998 and 1997 were for the purchase of fixed assets. In addition, we used approximately \$24,000 for the 1999 acquisition of Peconic Telco, Inc. and \$150,000 for the 1998 payment of certain obligations in conjunction with the acquisition of WebQuill. In fiscal 1999, 1998 and 1997, the principal sources of net cash provided by investing activities were proceeds from the sale of a subsidiary.

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Net cash (used in) provided by financing activities aggregated approximately (\$270,000), (\$1,399,000) and \$6,391,000 in fiscal 1999, 1998 and 1997, respectively. In fiscal 1999, net cash used in financing activities resulted in the repayment of a revolving credit line of approximately \$2,769,000, which was partially offset by the proceeds from a private placement of common stock of approximately \$2,026,000, a loan from an officer in the net amount of approximately \$227,000, the proceeds from the issuance of preferred stock in the amount of approximately \$196,000 and the proceeds from the exercise of stock options of approximately \$44,000. In fiscal 1998, net cash used in financing activities resulted from a repayment of a revolving credit line of approximately \$2,528,000, which was partially offset by proceeds of approximately \$18,000 from the exercise of stock options, proceeds of approximately \$651,000 from a private equity placement and proceeds of approximately \$468,000 from the exercise of stock warrants. In fiscal 1997, repayments of short-term debt of approximately \$1,601,000 were offset by an increase of approximately \$5,714,000 in net cash provided by a revolving credit facility. This increase was the result of a working capital agreement (see below) under which we were able to borrow up to 80% of the dollar amount of our eligible accounts receivable and 50% of our eligible inventory. During fiscal 1997, we also received approximately \$166,000 in proceeds from the exercise of stock options; approximately \$609,000 in proceeds from a private equity placement; and approximately \$1,509,000 in proceeds from the exercise of stock warrants.

On December 17, 1996, we entered into a financing agreement with Coast Business Credit ("Coast"), a division of Southern Pacific Thrift and Loan Association, pursuant to which Coast made available to us a line of credit of \$7,000,000 with advances based on 80% of our eligible accounts receivable and 50% of our eligible inventory. This loan was scheduled to mature on December 31, 1999, and was paid in full on December 29, 1999.

On March 3, 1999, our subsidiary, Essex, entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to \$500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. The Receivables Sale Agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of November 30, 1999, Essex was indebted to RFC for the principal amount of approximately \$198,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.5% per annum at November 30, 1999. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to \$1,000,000.

Our Canadian subsidiary has a mortgage on its real property in the amount of \$304,000. The mortgage is payable in monthly installments of approximately \$3,000, which includes interest at the rate of 10.25% per annum, with a balloon payment of approximately \$291,000 in the year 2000. We have received an appraisal of the building of approximately \$1,000,000, and we intend to sell the building in an orderly manner during fiscal 2000. The rental income from the current tenants covers the debt service and maintenance requirements of the building.

In fiscal 1999, our capital expenditures amounted to approximately \$121,000. We expect to make additional capital expenditures of approximately \$350,000 for equipment for our telecommunications division over the next 12 months. Such expenditures will be made in conjunction with the establishment of a network operating center in Norwalk, Connecticut and with the planned expansion to become a nationwide CLEC. We anticipate we will be able to finance equipment purchases through equipment leases or with working capital.

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At February 15, 2000 we owned approximately 21% of Access One, which had at such date approximately 60,000 installed access lines and revenues of approximately \$3,000,000 per month. Although Access One has approximately 750 shareholders, it is not publicly traded, there is no readily ascertainable market for its stock, and the shares held by us bear a restrictive legend stating that the shares have not been registered under the Securities Act of 1933. Despite the trading restriction, we have received offers to purchase a portion of our Access One stock for amounts ranging from \$4.00 to \$5.00 per share and subsequent to November 30, 1999, we sold 17,000 shares of stock in this price range. At February 15, 2000 we owned 3,918,500 shares of Access One and warrants to purchase 500,000 additional shares at \$1.20 per share. Our investment in Access One is recorded on our books by the equity method of accounting and is carried at \$0 as of November 30, 1999.

We believe that the retail division's working capital and cash flow from operations will be sufficient to meet the cash and capital requirements for our retail division for the next 12 months. Our plan for the growth of our telecommunications division includes an aggressive strategy to finish fiscal 2000 with more than 65,000 installed access lines. Although we anticipate that we will have reached profitability on a monthly basis at this level of operation, we will need to expend cash and we expect to incur additional losses before we are able to grow our business to a profitable level. Subsequent to November 30, 1999, we received net proceeds of approximately \$2,000,000 from the exercise of warrants and from a private placement of our common stock. We believe our cash and cash equivalents at February 28, 2000 provide us with enough liquidity to carry out our fiscal 2000 growth plans. The inability to carry out our plans may result in the continuance of unprofitable operations, which would adversely affect our financial condition and results of operations.

Impact of Year 2000

The Year 2000 ("Y2K") issue is the result of computer-controlled systems using two digits rather than four to define the applicable year. For example, computer programs that have time sensitive software may recognize a date using "00" as the year 1900 instead of the year 2000. This reading could result in a system failure or miscalculations and cause a disruption in operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activity.

Since 1998, we have devoted significant efforts to address Y2K issues. We have developed a comprehensive, company-wide plan to identify, evaluate and remediate Y2K issues. In addition to the planning and testing that occurred throughout fiscal 1999, our technical support team reevaluated all our equipment during the month of December 1999, to assure the maintenance of uninterrupted service to our customers. In addition, our plan included a review of the Y2K readiness of our vendors and suppliers who have material relationships with us. The major phases of the plan with respect to each of these categories included an inventory of all hardware and software components with possible date implications, an assessment of the Y2K readiness of all Web sites and E-commerce sites, the remediation of all Y2K issues which have been identified in the assessment phase, and validation testing and certification as to Y2K compliance.

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Our estimate of the total cost of our Y2K compliance efforts, based on amounts expended to date, plus estimated amounts of additional remediation costs, if any, is immaterial to the operations of the Company. The estimated Y2K costs have not been independently verified and may vary in the event of unforeseen Y2K remediation costs or costs related to the unanticipated costs from a third party vendor. Certain costs budgeted for the procurement of upgrades or replacements of servers and business information systems have not been included in this amount since these upgrades or replacements were being made by us independent of Y2K readiness. The estimated Y2K costs did not include our internal costs, such as compensation and benefits of employees delegated Y2K responsibilities, related to our Y2K plan since such costs are not internally allocated by us. We expect to fund any additional Y2K compliance efforts with cash flows from operations.

We have contacted various mission-critical external parties and have conducted testing procedures with certain of these external parties in order to confirm Y2K readiness. Some of our internal data networks are interconnected with, or dependent upon, systems operated by third parties, including telecommunications/data service providers and public utilities. Since external parties are responsible for addressing their own Y2K readiness, we are only able to determine at this time an estimate as to the extent to which any such conditions exist, and if they do exist, the extent to which they may have a material impact on our results of operations, financial condition or liquidity. Subsequent to December 31, 1999, we experienced no significant events, nor received any significant reports indicating any material Y2K issues. We are unaware of any uncorrected problems regarding the Y2K issue at this time, but will continue to monitor for any potential problems throughout 2000.

New Accounting Standards

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard 130, "Reporting Comprehensive Income" ("Statement 130"). Statement 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income, as defined, is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The provisions of Statement 130 are effective for periods beginning after December 15, 1997. Accordingly, we adopted this standard for our fiscal year ending November 30, 1999.

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 131, "Disclosures about Segments of an Enterprise and Related Information" ("Statement 131"), which establishes standards for segment reporting and disclosure of additional information on products and services, geographic areas and major customers. The provisions of Statement 131 are effective for periods beginning after December 15, 1997. Accordingly, we adopted this standard for our fiscal year ending November 30, 1999.

Item 7A. - Quantitative and Qualitative Disclosure About Market Risk

Our debt is currently limited to \$1,000,000 under our current borrowing arrangements and such borrowings are at an effective rate of five percent over the prime rate. We currently do not use interest rate derivative instruments to manage our exposure to interest rate changes.

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Item 8. - Financial Statements and Supplementary Data

The financial statements and supplementary data to be provided pursuant to this Item 8 are included under Item 14 of this Report.

Item 9. - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Part III

Item 10. - Directors and Executive Officers of the Company

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 11. - Executive Compensation

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 12. - Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 13. - Certain Relationships and Related Transactions

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

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PART IV

Item 14. - Exhibits, Financial Statement Schedules, and Reports on Form 8-K

- (a)
 - 1. Financial Statements
 - 2. Financial Statement schedules
 - 3. Exhibits
- (3) Articles of Incorporation and By-laws
 - (a) Certificate of Incorporation, as amended, incorporated by reference to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 27, 1969 under Registration Number 2-34436.
 - (b) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to the Company's definitive proxy statement filed with the Securities and Exchange Commission in connection with the Company's Annual Meeting of Shareholders held in May, 1984.
 - (c) Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended November 30, 1988.
 - (d) Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(e) to the Company's Annual Report on Form 10-K for the year ended November 30, 1994, as amended.
 - (e) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1995.
 - (f) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.
 - (g) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.
 - (h) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3(1) to the Company's Current Report on Form 8-K dated November 16, 1999.
 - (i) By-laws, amended and restated as of December 1996, incorporated by reference to Exhibit 3(e) to the Company's Annual Report on Form 10-K for the year ended November 30, 1996.
- (10) Material Contracts
 - (a) 1995 Stock Option Plan, incorporated by reference to Exhibit 10(I) to the Company's Annual Report on Form 10-K for the year ended November 30, 1995, as amended.
 - (b) 1996 Restricted Stock Award Plan, incorporated by reference to Exhibit A to the Company's Proxy Statement dated October 24, 1996.

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(c) Employment Agreement, dated November 5, 1996 between the Company and Paul Riss, incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended November 30, 1996. (d) Agreement and Plan of Merger dated January 21, 2000 between eLEC Communications Corp., eLEC Communications Sub I, Inc., and Telecarrier Services, Inc., Michael Lagana and Zina Hassel, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated January 21, 2000.

(22) Subsidiaries of Company - The significant subsidiaries of Company, all of which are wholly-owned by Company and included in its consolidated financial statements, are as follows:

<TABLE>

<CAPTION>

Name	Jurisdiction of Organization
----	-----
	<C>
American Telecom LLC	Connecticut
Airline Ventures, Inc.	Texas
Essex Communications, Inc.	New York
Peconic Telco, Inc.	New York
Sirco Industries, Limited	Hong Kong
Sirco International (Canada) Limited	Canada
Telecarrier Services, Inc.	Delaware
WebQuill Internet Services LLC	Connecticut

<S>

</TABLE>

(23) Consent of Nussbaum Yates & Wolpow, P.C.
(27) Financial Data Schedule

(b) Reports on Form 8-K.

We filed a Current Report on Form 8-K dated August 11, 1999 reporting the approval by our Board of Directors of a corporate name change to eLEC Communications Corp., subject to shareholder approval, and providing the pro forma financial information with respect to the previously reported sale of certain assets of our former luggage division pursuant to the asset purchase agreement with Interbrand L.L.C. (Items 2 and 7).

We filed a Current Report on Form 8-K dated November 16, 1999 reporting the change of our corporate name from Sirco International Corp. to eLEC Communications Corp. (Item 5).

<PAGE>

We filed a Current Report on Form 8-K dated January 21, 2000 reporting our acquisition of Telecarrier Services, Inc. At the time of the filing it was impracticable for us to provide the required pro forma financial information, if any, with respect to such transaction. We intend to file such information, if required, by amendment to the Form 8-K as soon as practicable, but in any event within 60 days of the filing of the initial Form 8-K.

<PAGE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on the 28th day of February 2000.

eLEC COMMUNICATIONS CORP.
(Company)

By: /s/ Paul H. Riss

Paul H. Riss
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature -----	Title -----	Date ----
<S>	<C>	<C>
/s/ Paul H. Riss ----- Paul H. Riss	Chief Executive Officer	February 28, 2000
	Chief Financial Officer (Principal Accounting Officer) Director	
/s/ Joel Dupre ----- Joel Dupre	Chairman of the Board of Directors	February 28, 2000
/s/ Eric M. Hellige ----- Eric M. Hellige	Director	February 28, 2000
/s/ Anthony Scalice ----- Anthony Scalice	Director	February 28, 2000

</TABLE>

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FORM 10-K

ITEM 14(a)(1) AND (2)

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of eLEC Communications, Inc. and Subsidiaries are included in Item 8:

<TABLE>

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Report of Independent Auditors

<C>

F-2

Consolidated balance sheets - November 30, 1999 and 1998

F-3 - F-4

Consolidated statements of operations - Years ended November 30, 1999, 1998 and 1997

F-5

Consolidated statements of stockholders' equity - Years ended November 30, 1999, 1998 and 1997

F-6 - F-7

Consolidated statements of cash flows - Years ended November 30, 1999, 1998 and 1997

F-8 - F-9

Notes to consolidated financial statements - Years ended November 30, 1999, 1998 and 1997

F-10 - F-34

The following consolidated financial statement schedules of eLEC Communications, Inc. and Subsidiaries are included in Item 14(d):

Schedule II - Valuation and qualifying accounts - Years ended November 30, 1999, 1998 and 1997

F-35

Access one Communications Corp. and Subsidiaries:

Report of Independent Auditors

F-36

Consolidated balance sheets - October 31, 1999 and 1998

F-37

Consolidated statements of operations - Years ended October 31, 1999 and 1998

F-38

Consolidated statements of stockholders' equity (deficiency) - Years ended October 31, 1999 and 1998

F-39

Consolidated statements of cash flows - Years ended October 31, 1999 and 1998

F-40

Notes to consolidated financial statements - Years ended October 31, 1999 and 1998

F-41 - F-54

</TABLE>

All other schedules are omitted because they are not required, are inapplicable, or the information is included in the financial statements or notes thereto.

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Report of Independent Auditors

The Board of Directors and Shareholders
eLEC Communications, Inc.
Norwalk, Connecticut

We have audited the accompanying consolidated balance sheets of eLEC Communications, Inc. (formerly known as Sirco International Corp.) and Subsidiaries as of November 30, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended November 30, 1999, 1998 and 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of eLEC Communications, Inc. and its subsidiaries as of November 30, 1999 and 1998, and the consolidated results of their operations and their consolidated cash flows for the years ended November 30, 1999, 1998 and 1997, in conformity with generally accepted accounting principles.

We have also audited Schedule II for each of the years in the period ended November 30, 1999. In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

/s/NUSSBAUM YATES & WOLPOW, P.C.

NUSSBAUM YATES & WOLPOW, P.C.

Melville, New York
February 21, 2000 (February 25, 2000 as
to the last paragraph of Note 15)

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
NOVEMBER 30, 1999 AND 1998

ASSETS		1999	1998
		-----	-----
<S>	<C>	<C>	
Current assets:			
Cash and cash equivalents		\$ 591,299	\$ 352,489
		-----	-----
Accounts receivable, principally trade - net of allowance of \$424,000 and \$337,000 in 1999 and 1998		1,245,078	1,565,727
Inventories		876,460	4,397,635
Prepaid expenses		52,636	199,805
Other current assets		177,680	36,791
Land and building held for sale		596,304	--
Recoverable income taxes		--	149,902
		-----	-----
Total current assets		3,539,457	6,702,349
		-----	-----
Property, plant and equipment - at cost:			
Land		--	185,279
Building		--	459,788
Machinery and equipment		322,734	941,127
Leasehold improvements		--	320,132
		-----	-----
		322,734	1,906,326
Less accumulated depreciation and amortization		111,036	1,070,852
		-----	-----
		211,698	835,474
		-----	-----
Other assets:			
Investment in and advances to subsidiary		424,575	464,573
Goodwill, net of accumulated amortization of \$352,966 and \$110,302 in 1999 and 1998		1,554,370	1,377,958
Investment in affiliate under equity method		0	1,476,434
Investments under cost method		1,469,929	---
Other		97,108	172,254
		-----	-----
		3,545,982	3,491,219
		-----	-----
Total assets		\$7,297,137	\$11,029,042
		-----	-----

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
NOVEMBER 30, 1999 AND 1998

LIABILITIES AND STOCKHOLDERS' EQUITY

	1999	1998
	-----	-----
<S>	<C>	<C>
Current liabilities:		
Loans payable to financial institutions and		
current maturities of long-term debt	\$ 523,695	\$ 3,193,344
Due to related parties	34,725	519,596
Accounts payable	1,302,714	993,779
Accrued expenses and taxes	1,779,704	1,661,420
	-----	-----
Total current liabilities	3,640,838	6,368,139
	-----	-----
Long-term debt, less current maturities	197,772	290,994
	-----	-----
Due to related parties and accounts payable refinanced	--	615,829
	-----	-----

Commitments and contingencies

</TABLE>

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Stockholders' equity:

	<C>	<C>
Preferred stock, Series A, \$.10 par value; 1,000,000 shares authorized, 700 shares issued in 1998 (none in 1999), liquidation preference \$1,000 per share	--	70
Preferred stock, Series B, \$.10 par value; 1,300 shares authorized, 196 shares issued in 1999, liquidation preference \$1,000 per share	20	--
Common stock, \$.10 par value; 20,000,000 shares authorized in 1999 and 1998, 11,287,164 and 6,343,316 shares issued in 1999 and 1998	1,128,715	634,331
Capital in excess of par value	18,808,397	12,851,015
Deficit	(16,370,088)	(8,864,535)
Treasury stock at cost, 11,000 shares	(27,500)	(27,500)
Treasury stock held by equity investee	--	(159,396)
Accumulated other comprehensive income (loss), accumulated foreign currency translation adjustment	(81,017)	(679,905)
	-----	-----
Total stockholders' equity	3,458,527	3,754,080
	-----	-----
Total liabilities and stockholders' equity	\$ 7,297,137	\$11,029,042
	-----	-----

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
	-----	-----	-----
<S>	<C>	<C>	<C>
Revenues:			
Telecommunications services	\$ 2,275,474	\$ 373,885	\$ --
Specialty retail travel products	1,894,557	1,111,339	275,871
	-----	-----	-----
Total revenues	4,170,031	1,485,224	275,871
	-----	-----	-----
Costs and expenses:			
Costs of telecommunication services	1,884,949	321,430	--
Cost of specialty retail travel product sales	1,117,749	623,242	183,505
Selling, general and administrative	2,741,264	1,181,873	188,860
Depreciation and amortization	330,054	139,451	8,678
Equity in loss of Access One Communications Corp	1,661,630	1,423,300	--
	-----	-----	-----
Total costs and expenses	7,735,646	3,689,296	381,043
	-----	-----	-----
Loss from operations	(3,565,615)	(2,204,072)	(105,172)
Other income (expense):			
Interest expense	(15,419)	(467)	--
Interest income	18,546	--	--
	-----	-----	-----
Loss from continuing operations	(3,562,488)	(2,204,539)	(105,172)
	-----	-----	-----
Discontinued operations:			
Loss from discontinued operations	(3,179,361)	(2,772,464)	(2,762,993)
Estimated loss on disposal of discontinued operations	(763,704)	--	--
	-----	-----	-----
Loss from discontinued operations	(3,943,065)	(2,772,464)	(2,762,993)
	-----	-----	-----
Net loss	(\$7,505,553)	(\$4,977,003)	(\$2,868,165)
	-----	-----	-----

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Basic and diluted loss per share:

Continuing operations

Discontinued operations

Net loss

<C>

<C>

<C>

(\$.41)

(\$.43)

(\$.03)

(\$.45)

(\$.53)

(\$.85)

(\$.86)

(\$.96)

(\$.88)

Weighted-average number of common shares

outstanding

8,717,554

5,184,748

3,243,392

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	Preferred Stock		Common Stock		Capital		
	Shares	Amount	Shares	Amount	In Excess of Par Value	Deficit	Stock
	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, November 30, 1996	--	\$--	2,630,400	\$ 263,040	\$ 4,136,014	(\$1,019,367)	(\$27,500)
Net loss	--	--	--	--	--	(2,868,165)	--
Translation adjustment	--	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--	--
Exercise of stock options	--	--	145,000	14,500	151,750	--	--
Issuance of common stock in private placement	--	--	400,000	40,000	569,000	--	--
Exercise of warrants	--	--	700,000	70,000	1,439,104	--	--
Stock issued for equity investment in Access One Communications Corp.	--	--	425,000	42,500	1,457,500	--	--
Treasury stock acquired by equity investee	--	--	--	--	--	--	--
	---	---	-----	-----	-----	-----	-----
Balance, November 30, 1997	--	--	4,300,400	430,040	7,753,368	(3,887,532)	(27,500)
Net loss	--	--	--	--	--	(4,977,003)	--
Translation adjustment	--	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--	--
Exercise of stock options	--	--	15,000	1,500	16,688	--	--
Stock issued for debt retirement	--	--	260,000	26,000	1,144,000	--	--
Exercise of warrants	--	--	212,000	21,200	446,704	--	--
Stock issued for acquisition of Essex Communications, Inc.	--	--	350,000	35,000	702,820	--	--
Stock issued for acquisition of Webquill Internet Services, LLC	--	--	375,000	37,500	637,500	--	--
Issuance of preferred stock	700	70	--	--	651,315	--	--
Stock issued for services	--	--	30,916	3,091	19,520	--	--
Stock issued for equity investment in Access One Communications	--	--	800,000	80,000	1,479,100	--	--
Reduction in treasury stock held by equity investee	--	--	--	--	--	--	--
	---	---	-----	-----	-----	-----	-----
Balance, November 30, 1998	700	70	6,343,316	634,331	12,851,015	(8,864,535)	(27,500)

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	Treasury Stock Held by Equity Investee -----	Accumulated Other Comprehensive Income (Loss) -----	Total Stockholders' Equity -----
<S>	<C>	<C>	<C>
Balance, November 30, 1996	\$ --	(\$571,691)	\$ 2,780,496
Net loss	--	--	(2,868,165)
Translation adjustment	--	(61,060)	(61,060)

Comprehensive income (loss)	--	--	(2,929,225)
Exercise of stock options	--	--	166,250
Issuance of common stock in private placement	--	--	609,000
Exercise of warrants	--	--	1,509,104
Stock issued for equity investment in Access One Communications Corp.	--	--	1,500,000
Treasury stock acquired by equity investee	(420,000)	--	(420,000)
	-----	-----	-----
Balance, November 30, 1997	(420,000)	(632,751)	3,215,625
Net loss	--	--	(4,977,003)
Translation adjustment	--	(47,154)	(47,154)

Comprehensive income (loss)	--	--	(5,024,157)
Exercise of stock options	--	--	18,188
Stock issued for debt retirement	--	--	1,170,000
Exercise of warrants	--	--	467,904
Stock issued for acquisition of Essex Communications, Inc.	--	--	737,820
Stock issued for acquisition of Webquill Internet Services, LLC	--	--	675,000
Issuance of preferred stock	--	--	651,385
Stock issued for services	--	--	22,611
Stock issued for equity investment in Access One Communications	--	--	1,559,100
Reduction in treasury stock held by equity investee	260,604	--	260,604
	-----	-----	-----
Balance, November 30, 1998	(159,396)	(679,905)	3,754,080

(Continued)

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	Preferred Stock		Common Stock		Capital	Deficit
	Shares	Amount	Shares	Amount	In Excess of Par Value	
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, November 30, 1998	700	70	6,343,316	634,331	12,851,015	(8,864,535)
Net loss						(7,505,553)
Translation adjustment, including a reclassification adjustment of \$572,170 related to dissolution of Hong Kong subsidiary	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--
Stock issued for services	--	--	25,000	2,500	35,000	--
Issuance of common stock	--	--	1,890,055	189,005	1,836,719	--
Exercise of stock options	--	--	37,000	3,700	40,050	--
Stock issued for debt retirement	--	--	1,484,780	148,478	1,945,953	--
Stock issued for acquisition of Tag Air, Inc.	--	--	149,210	14,921	158,014	--
Stock issued for acquisition of Peconic Telco, Inc.	--	--	69,000	6,900	113,850	--
Stock issued for investment in Riderpoint, Inc.	--	--	550,000	55,000	1,201,250	--
Stock issued for investment in Skyclub Communications	--	--	120,149	12,015	158,801	--
Stock issued for equity investment in Access One Communications Corp	--	--	1,420,000	142,000	1,689,800	--
Access One Communications Corp. put exercise	--	--	(1,400,000)	(140,000)	(1,666,000)	--
Reduction in treasury stock held by equity investee	--	--	--	--	--	--
Stock issued for performance con- ditions of Essex Communications	--	--	225,000	22,500	212,650	--
Conversion of Series A preferred stock to common stock	(700)	(70)	373,654	37,365	(37,295)	--
Issuance of Series B preferred stock	196	20	--	--	195,909	--
Adjustment of expenses incurred in raising equity	--	--	--	--	72,681	--
	-----	-----	-----	-----	-----	-----
Balance, November 30, 1999	196	\$ 20	11,287,164	\$1,128,715	\$ 18,808,397	(\$16,370,088)
	-----	-----	-----	-----	-----	-----

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	Treasury Stock	Treasury Stock Held by Equity Investee	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Balance, November 30, 1998	(27,500)	(159,396)	(679,905)	3,754,080
Net loss				(7,505,553)
Translation adjustment, including a reclassification adjustment of \$572,170 related to dissolution of Hong Kong subsidiary	--	--	598,888	598,888
Comprehensive income (loss)	--	--	--	(6,906,665)
Stock issued for services	--	--	--	37,500
Issuance of common stock	--	--	--	2,025,774
Exercise of stock options	--	--	--	43,750
Stock issued for debt retirement	--	--	--	2,094,431
Stock issued for acquisition of Tag Air, Inc.	--	--	--	172,935
Stock issued for acquisition of Peconic Telco, Inc.	--	--	--	120,750
Stock issued for investment in Riderpoint, Inc.	--	--	--	1,256,250
Stock issued for investment in Skyclub Communications	--	--	--	170,816
Stock issued for equity investment in Access One Communications Corp	--	--	--	1,831,800
Access One Communications Corp. put exercise	--	--	--	(1,806,000)
Reduction in treasury stock held by equity investee	--	159,396	--	159,396
Stock issued for performance con- ditions of Essex Communications	--	--	--	235,150
Conversion of Series A preferred stock to common stock	--	--	--	--
Issuance of Series B preferred stock	--	--	--	195,929
Adjustment of expenses incurred in raising equity	--	--	--	72,681
	-----	-----	-----	-----
Balance, November 30, 1999	(\$27,500)	\$ --	(\$ 81,017)	\$ 3,458,527
	-----	-----	-----	-----

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
	-----	-----	-----
<S>	<C>	<C>	<C>
Operating activities:			
Net loss	(\$7,505,553)	(\$4,977,003)	(\$2,868,165)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	375,958	227,005	110,168
Abandonment of property plant and equipment	227,232	--	--
Translation adjustment related to liquidation of Hong Kong subsidiary	572,170	--	--
Loss on equity investment including goodwill amortization of \$375,000 in 1999 and 1998	1,661,630	1,423,300	--
Stock issued for services	37,500	22,611	--
Provision for losses on accounts receivable and other assets	108,000	299,000	278,000
Loss on sale of property, plant and equipment	7,499	--	7,012
Estimated gain on sale of land and building of discontinued operations	(169,650)	--	--
Changes in operating assets and liabilities, net of effects of acquisitions and other transactions:			
Accounts receivable	213,107	1,289,333	(594,077)
Inventories	3,526,891	3,275,479	(3,325,876)
Prepaid expenses	146,827	42,988	12,926
Other current assets	(140,889)	6,595	79,014
Other assets	75,146	41,839	(60,538)
Accounts payable, related parties and accrued expenses	1,324,545	156,498	182,538
Income taxes	149,902	(24,930)	(448,240)
	-----	-----	-----
Net cash provided by (used in) operating activities	610,315	1,782,715	(6,627,238)
	-----	-----	-----
Investing activities, net of effects of acquisitions:			
Purchases of property, plant and equipment	(120,935)	(57,765)	(87,045)
Proceeds from sale of property, plant and equipment	9,840	--	3,607
Cash inflow from agreement to sell subsidiary	39,998	50,224	25,700
Payment of certain obligations of WebQuill Internet Services, LLC	--	(150,000)	--
Acquisition of Peconic Telco, Inc., net of cash acquired	(24,053)	--	--
	-----	-----	-----
Net cash used in investing activities	(95,150)	(157,541)	(57,738)
	-----	-----	-----

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(Continued)

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
	-----	-----	-----
<S>	<C>	<C>	<C>
Financing activities:			
Repayment of loans payable to financial institutions and short-term loans payable to related parties, net	\$ --	\$ --	(\$1,600,821)
Proceeds from (repayment of) revolving credit line, net	(2,768,944)	(2,527,977)	5,714,056
Repayment of long-term debt, net of exchange rate	6,073	(8,470)	(6,550)
Officer loan, net of repayment	227,000	--	--
Proceeds from exercise of stock options	43,750	18,188	166,250
Proceeds from private placement of common stock	2,025,774	--	609,000
Proceeds from exercise of warrants	--	467,904	1,509,104
Proceeds from issuance of preferred stock	195,929	651,385	--
	-----	-----	-----
Net cash provided by (used in) financing activities	(270,418)	(1,398,970)	6,391,039
	-----	-----	-----
Effect of exchange rate changes on cash	(5,937)	12,095	18,084
	-----	-----	-----
Increase (decrease) in cash and cash equivalents	238,810	238,299	(275,853)
Cash and cash equivalents at beginning of year	352,489	114,190	390,043
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 591,299	\$ 352,489	\$ 114,190
	-----	-----	-----
Cash paid during the year for:			
Interest	\$ 297,209	\$ 502,005	\$ 510,869
	-----	-----	-----
Income taxes	\$ --	\$ --	\$ 300,015
	-----	-----	-----

</TABLE>

Supplemental disclosure of non-cash investing and financing activities:

See Notes 2, 3, 7 and 8.

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles

Description of Business and Concentration of Credit Risk

eLEC Communications, Inc. ("eLEC" or the "Company") (formerly known as Sirco International Corp.) presently has two active business segments. The first active business segment, and the principal focus of the Company, is as a competitive local exchange carrier through its wholly-owned subsidiaries, Essex Communications, Inc. ("Essex") and WebQuill Internet Services LLC ("WebQuill"), to resell and provide low cost alternative telecommunication services and other bundled services, focusing on small and medium-sized business users. The second active business segment is as a specialty retail business through its wholly-owned subsidiary, Airline Ventures, Inc. ("AVI"), that sells travel products, uniforms and study guides via retail stores, E-commerce sites and a Web site primarily to professional airline crew members. Trade receivables potentially subject the Company to credit risk. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history and generally does not require collateral.

As part of its telecommunications strategy, the Company has acquired an ownership interest in Access One Communications, Inc. ("Access"), which is a competitive local exchange carrier and reseller of telecommunication services to businesses and residential customers in the southeastern United States. The Company's investment in Access is accounted for on the equity method.

During the fiscal year ended November 30, 1999, the Company discontinued the operations of its wholesale luggage business segment which, in prior years, had represented substantially all of the business operations of the Company (see "Discontinued Operations").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries after elimination of significant intercompany balances and transactions. Investments in 20% to 50% owned affiliated companies are accounted for on the equity method. Investments of less than 20% in companies that do not have readily determinable fair values are carried at cost.

Inventories

Inventories, consisting primarily of finished goods purchased for resale, are stated at the lower of cost (first-in, first-out and average) or market.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Property, Plant and Equipment and Depreciation

Depreciation is computed primarily by use of accelerated and straight-line methods over the estimated useful lives of the assets. The estimated useful lives are 20 years for building, 5 to 10 years for machinery and equipment, and the life of lease for leasehold improvements.

Foreign Currency Translation

Assets and liabilities of the Company's foreign subsidiaries are translated at year-end exchange rates, and income and expenses are translated at average exchange rates prevailing during the year with the resulting adjustments accumulated in stockholders' equity.

Income Taxes

The Company accounts for income taxes according to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." Under the liability method specified by SFAS 109, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse and the effect of net operating loss carryforwards. Deferred tax expense is the result of changes in deferred tax assets and liabilities. A valuation allowance has been established to reduce the deferred tax assets as it is more likely than not that such portion of the deferred tax assets will not be realized.

Revenue Recognition

Revenue from providing telecommunication related services is recognized in the period related services are provided. Revenue from the Company's specialty retail business and from the Company's discontinued luggage business is recognized upon shipment or delivery of merchandise.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income by the weighted-average number of shares outstanding. Diluted earnings (loss) per share includes the dilutive effect of stock options, warrants and convertible preferred stock. Such options, warrants and convertible preferred stock have not been included in the computations as they were antidilutive in 1999, 1998 and 1997, but may become dilutive in the future.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Goodwill and Other Intangible Assets

The excess cost over net assets acquired (goodwill) is being amortized on a straight-line basis over 7 years. Goodwill and other intangible assets are periodically reviewed for impairment based on an assessment of current and future levels of operating income and cash flows, as well as other factors.

Impairment of Long-Lived Assets

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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1. Description of Business and Summary of Accounting Principles (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense, principally related to discontinued operations, amounted to approximately \$48,000 in 1999, \$78,000 in 1998, and \$55,000 in 1997.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of significant financial instruments:

o Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

o Investments in and Advances to Subsidiary

The fair value of investments in and advances to subsidiary is estimated based on discounted cash flow analyses using estimated interest rates and an appropriate allowance for uncollectibility. The carrying amount approximates its fair value.

o Long-Term Debt

The fair value of the Company's long-term debt is estimated based on current rates offered to the Company for debt of the same remaining maturities and approximates the carrying amount.

The Company has no instruments with significant off-balance-sheet risk.

Recent Accounting Pronouncements

Effective December 1, 1998 the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS 130 establishes standards for the display of comprehensive income and its components in a full set of financial statements. Comprehensive income (loss) includes all changes in equity during a period except those resulting from the issuance of shares of stock and distributions to shareholders.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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1. Description of Business and Summary of Accounting Principles (Continued)

Recent Accounting Pronouncements (Continued)

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which established accounting and reporting standards for derivative instruments and for hedging activities. In June 1999, the FASB issued SFAS No. 137 which deferred the effective date of SFAS No. 133 for the Company to the beginning of its fiscal 2001. Presently, the Company has no use of derivative financial instruments and believes that SFAS No. 133 will not have a material impact on its results of operations.

Reclassifications

Certain amounts have been reclassified to conform to the 1999 presentation.

2. Acquisitions

On February 27, 1998, the Company acquired all of the outstanding shares of common stock of Essex in exchange for 250,000 shares of the Company's common stock and warrants to purchase up to 225,000 shares of the Company's common stock at \$2.75 per share, of which warrants to purchase 75,000 shares vested immediately and warrants to purchase 150,000 shares will vest if certain performance conditions are met, of which 75,000 became vested during the fiscal year ended November 30, 1999. In addition, if certain performance conditions are met, up to 600,000 additional shares of common stock may be issued. As of November 30, 1999, 325,000 of such shares had been issued to the former shareholders of Essex as certain performance conditions were met. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately \$737,000, which is being amortized on a straight-line basis over 7 years. The results of operations of Essex are included in the accompanying financial statements from the date of acquisition.

On August 14, 1998, the Company acquired all of the membership interests of WebQuill in exchange for 525,000 shares of the Company's common stock (of which 375,000 shares were delivered to the sellers and 150,000 shares were deposited in an escrow account and will be delivered upon attainment of certain performance conditions) and the payment of \$150,000 of Webquill's obligations. As of November 30, 1999, such conditions were not met. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately \$750,000, which is being amortized on a straight-line basis over 7 years. The results of operations of WebQuill are included in the accompanying financial statements from the date of acquisition.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

2. Acquisitions (Continued)

In January 1999, the Company acquired all of the outstanding shares of Tag Air, Inc. ("Tag Air") in exchange for 149,210 shares of the Company's common stock valued at approximately \$173,000 in a transaction accounted for as a purchase. Tag Air is a retailer that sells name brand luggage, apparel and travel-related accessories to airline pilots and flight crews. This transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately \$47,000, which is being amortized on a straight-line basis over seven years. On November 17, 1999, the Company acquired all of the outstanding shares of common stock of Peconic Telco, Inc. ("Peconic") in exchange for 69,000 shares of its common stock, valued at \$120,750, plus a cash payment of \$28,000. Peconic is an installer of telephones and telephone equipment. The purchase price exceeded the fair value of net assets acquired by approximately \$135,000, which is being amortized on a straight-line basis over seven years. Pro forma financial statements of the Tag Air and Peconic acquisitions as if they occurred as of December 1, 1997 have not been presented since the results were not material.

On April 6, 1999, the Company issued 250,000 shares of its common stock, valued at \$412,500, in exchange for a 19% interest in RiderPoint Inc. ("RiderPoint"). On November 30, 1999, an additional 300,000 shares, valued at \$862,500, were issued, thereby increasing its ownership in Riderpoint to 27% on such date. RiderPoint is a developer, marketer, and administrator of insurance and financial service programs. On May 25, 1999, the Company issued 120,149 shares of its common stock, valued at \$170,816, in exchange for a 19% interest in Skyclub Communications Holding Corp. ("Skyclub"). Skyclub provides digital satellite systems for the reception of direct television and high-speed Internet services. The investment is carried at cost.

3. Loans Payable to Financial Institutions and Long-Term Debt

In connection with the financing of its discontinued luggage business, the Company had entered into a financing agreement with Coast Business Credit, a division of Southern Pacific Thrift and Loan Association. As of November 30, 1999 and 1998, the Company had a loan outstanding of \$219,363 and \$3,186,079 under the agreement. The loan was repaid in full in December 1999. The loan, which was available to the Company based upon a portion of the eligible inventory and accounts receivable of the discontinued luggage business, had an interest rate of 2% above the prime rate, was collateralized by a security interest in substantially all assets of the Company, and contained various restrictions, including a restriction on the payment or declaration of any cash dividends.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

3. Loans Payable to Financial Institutions and Long-Term Debt (Continued)

On March 3, 1999, Essex entered into a Receivable Sales Agreement ("the Agreement") with Receivables Funding Corporation ("RFC"). The Agreement provides for Essex to sell up to \$500,000 (\$1,000,000 effective December 1999) of its eligible receivables (as defined) to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. As of November 30, 1999, approximately \$198,000 was outstanding under the Agreement. The Agreement, in substance, does not transfer the risk of loss to RFC, and has been treated as a financing for financial statement purposes. In substance, Essex borrows under the Agreement at approximately five percentage points above the prime rate. The Agreement has a termination date of the earlier of (a) March 3, 2001; (b) a termination event as defined in the Agreement; (c) the occurrence of an event of seller default as defined in the Agreement; or (d) ninety days following the Company's delivery of written notice to RFC setting forth the Company's desire to terminate the Agreement and the payment of a termination fee (as defined).

The Company's Canadian subsidiary has a real property mortgage of approximately \$368,000, payable in monthly installments of approximately \$3,138 including interest at 10.25% with a balloon payment of approximately \$291,000 in the year 2000. Substantially all of the assets of the Canadian subsidiary have been pledged as collateral for the above loans. The Canadian subsidiary has agreed to certain financial covenants (current ratio, debt-to-equity ratio, debt service coverage) and may not pay dividends to the parent.

Long-term debt consists of the following:

<TABLE>
<CAPTION>

	1999	1998
	-----	-----
<S>	<C>	<C>
Loan payable to Coast	\$219,363	\$3,186,079
Loan payable to RFC	197,772	-
Subsidiary mortgage payable	304,332	298,259
	-----	-----
	721,467	3,484,338
Less current maturities	523,695	3,193,344
	-----	-----
	\$197,772	\$ 290,994
	-----	-----

</TABLE>

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

3. Loans Payable to Financial Institutions and Long-Term Debt (Continued)

Principal payments are due as follows:

Year ended November 30,

2000	\$523,695
2001	197,772

	\$721,467
	=====

4. Income Taxes

At November 30, 1999, the Company had net operating loss carryforwards for Federal income tax purposes of approximately \$15,000,000 expiring in the years 2001 through 2019. There is an annual limitation of approximately \$187,000 on the utilization of approximately \$2,300,000 of such net operating loss carryforwards under the provisions of Internal Revenue Code Section 382.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of November 30, 1999 and 1998 are as follows:

<TABLE>

<CAPTION>

	1999	1998
	-----	-----
Deferred tax assets:		
<S>	<C>	<C>
Net operating loss carryforwards	\$5,250,000	\$ 3,250,000
Allowance for doubtful accounts and accruals	120,000	270,000
Inventory	10,000	230,000
Depreciation	80,000	100,000
	-----	-----
	5,460,000	3,850,000
Deferred tax liabilities:		
Installment sale of investment	--	(50,000)
	-----	-----
Valuation allowance	5,460,000	(3,800,000)
	-----	-----
Net deferred tax assets	\$ --	\$ --
	-----	-----

</TABLE>

The valuation allowance at November 30, 1997 was \$3,040,000.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

4. Income Taxes (Continued)

The following is a reconciliation of the tax provisions for the three years ended November 30, 1999 with the statutory Federal income tax rates:

<TABLE>

<CAPTION>

	Percentage of Pre-Tax Income		
	1999	1998	1997
	----	----	----
<S>	<C>	<C>	<C>
Statutory Federal income tax rate	(34.0%)	(34.0%)	(34.0%)
State and local income taxes, net of Federal income tax benefit		--	.1
Equity loss on investment in Access One	(7.5)	(9.7)	--
Utilization of foreign tax loss carryforwards/ carryback	--	(3.2)	(4.3)
Operating losses generating no current tax benefit, United States	41.5	43.7	34.0
Other items, net	--	--	.1
	----	----	----
	--	(3.2%)	(4.1%)
	----	----	----

</TABLE>

5. Pension Plans

The Company has a defined benefit plan covering substantially all of its domestic employees. The benefits provided are primarily based upon years of service and compensation, as defined. The Company's funding policy is to contribute annually the minimum amount required to cover the normal cost and to fund supplemental costs, if any, from the date each supplemental cost was incurred. Contributions were intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Plan assets consist primarily of investments in money market funds.

Effective June 30, 1995, the plan was frozen, ceasing all benefit accruals and resulting in a plan curtailment.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

5. Pension Plans (Continued)

Net periodic pension cost (gain) included the following components:

<TABLE>

<CAPTION>

	1999	1998	1997
	-----	-----	-----
<S>	<C>	<C>	<C>
Interest cost on projected benefit obligation	\$ 57,734	\$ 56,393	\$ 57,257
Return on assets (61,874)	(63,704)	(66,110)
Net amortization and deferral	(584)	(4,112)	(4,112)
	-----	-----	-----
	(\$ 4,724)	(\$11,423)	(\$12,965)
	-----	-----	-----

</TABLE>

Following is a summary of significant actuarial assumptions used:

<TABLE>

<CAPTION>

	1999	1998	1997
	----	----	----
<S>	<C>	<C>	<C>
Weighted-average discount rates	7.0%	7.0%	7.5%
Rates of increase in compensation levels	5.0%	5.0%	5.0%
Expected long-term rate of return on assets			
	8.0%	8.0%	8.0%

</TABLE>

The following table sets forth the Plan's funded status and amounts recognized in the Company's statement of financial position at:

<TABLE>

<CAPTION>

	November 30,	
	1999	1998
	-----	-----
<S>	<C>	<C>
Accumulated benefit obligation, including vested benefits of \$835,772 and \$820,734 at November 30, 1999 and 1998, respectively	(\$837,685)	(\$823,568)
	-----	-----
Projected benefit obligation for service rendered to date	(\$869,592)	(\$823,568)
Plan assets at fair value, primarily money market funds	744,098	786,343
	-----	-----
Plan assets in excess of (deficiency in) unfunded projected benefit obligation	(125,494)	(37,225)
	-----	-----
Accrued pension cost	(\$125,494)	(\$ 37,225)
	-----	-----

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

6. Commitments

The Company conducts a substantial portion of its operations utilizing leased facilities. Rent expense, charged to operations, was \$705,000, \$825,000 and \$704,000 in 1999, 1998 and 1997, respectively. In addition to the annual rent, the Company pays real estate taxes, insurance and other occupancy costs on its leased facilities.

The minimum annual rental commitments under all operating leases including a lease entered into on February 4, 2000 that have remaining non-cancelable terms in excess of one year are approximately as follows:

Year ended November 30,	
2000	\$ 291,000
2001	275,000
2002	294,000
2003	229,000
2004	169,000
Thereafter	43,000

	\$ 1,301,000

The Company had previously entered into various licensing agreements under which it had obtained the right to market children's bags, tote bags and related products with trade names. The terms of such agreements varied through 2001. The agreements provided for royalties based upon net sales with certain stated minimum annual amounts. In connection with the discontinued operation, the Company has negotiated releases on certain of these obligations and has accrued for the estimated liability remaining on those obligations for which the Company has not yet obtained a release. Royalty expense amounted to \$208,000, \$545,000 and \$660,000 in fiscal 1999, 1998 and 1997, respectively. As of November 30, 1999 and 1998, approximately \$447,000 and \$560,000, respectively, had been accrued for unpaid royalties.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

7. Related Party Transactions

As of November 30, 1998, the Company owed its Chairman, Mr. Joel Dupre ("Dupre"), approximately \$8,000. During 1999, the Company borrowed an additional \$235,000 from Dupre, resulting in a balance due of approximately \$243,000. On September 10, 1999, the Company issued 272,000 shares of common stock (with a market value of approximately \$357,000) and Dupre agreed to cancel indebtedness of \$204,000, and Dupre also agreed to repay certain luggage creditors approximately \$153,000 of the Company's indebtedness to such creditors, relieving the Company of its obligations to such creditors. As of November 30, 1999, the Company owes Dupre approximately \$35,000, which is payable upon demand, and bears interest at 8%.

The Company imported substantially all of its luggage segment inventory from foreign vendors. In May 1998, the Company issued 260,000 shares to foreign vendors valued at \$1,700,000 or \$4.50 per share in satisfaction of certain existing trade accounts payable to foreign vendors. Included in this amount were 155,556 shares issued to companies controlled by then existing shareholders. The agreement with such vendors provided that if the vendors were to sell such shares within one year at a price below \$4.50 per share (subject to a \$2.25 floor), up to an additional 260,000 shares would be issued to the vendors. Subsequent thereto, the Company incurred additional obligations to foreign vendors, and the price of the Company's common stock fell substantially below \$4.50 per share. During fiscal 1999, the Company agreed to issue 1,152,780 shares of the Company's common stock in complete satisfaction of indebtedness to such vendors. In fiscal 1999, the Company recorded an increase in stockholders' equity of approximately \$1,803,000 related to this issuance along with a related decrease in accounts payable.

During the years ended November 30, 1999, 1998 and 1997, the Company purchased approximately \$809,000, \$2,287,000 and \$891,000, respectively, of luggage and backpack products from companies controlled by stockholders. During the years ended November 30, 1999, 1998 and 1997, the Company incurred buying commission of approximately \$103,000, \$312,000 and \$208,000, respectively, to companies controlled by stockholders. As of November 30, 1999 and 1998, there was outstanding \$11,312 and \$926,205 to such related parties.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

8. Discontinued Operations

On July 19, 1999, the Board of Directors of the Company adopted a plan to discontinue the Company's luggage business as part of the Company's strategic focus on telecommunications and Internet services. The expected manner of disposal of the luggage business is by sale of assets. As of November 30, 1999, a substantial portion of the luggage business had already been disposed of, and the Company anticipates that the remainder of the luggage business will be fully disposed of by June 30, 2000. The luggage business segment has been accounted for as discontinued operations in accordance with Accounting Principles Board Opinion (APB) 30, which, among other provisions, requires the plan of disposal to be carried out within one year. The estimated loss on disposal of the luggage business included a charge of \$572,170 applicable to a previously recorded foreign translation adjustment for the Company's Hong Kong subsidiary which was dissolved during 1999. Interest expense allocated to the discontinued operation is based on the direct borrowings of such operations and amounted to approximately \$306,000 in 1999, \$514,000 in 1998, and \$574,000 in 1997.

The operating results and remaining assets of the discontinued operations are summarized as follows:

<TABLE>

<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Sales	\$ 6,774,265	\$ 15,552,285	\$ 15,732,112
Net loss	(3,943,065)	(2,772,464)	(2,762,993)
Net loss per share of common stock	(.45)	(.53)	(.85)

<CAPTION>

	1999	1998
<S>	<C>	<C>
Current assets	\$1,300,726	\$6,156,872
Property and equipment net	426,654	686,662
Other assets	9,118	94,986
	-----	-----
	\$1,736,498	\$6,938,520
	-----	-----

</TABLE>

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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9. Segment Reporting

Effective for the fiscal year ended November 30, 1999, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." Prior period amounts have been restated to conform to the requirements of this statement. The accounting policies of the operating segments are the same as those described in the summary of accounting policies. The Company evaluates the performance of its operating segments based on the operating income of the respective business units. Geographical information is not presented, as the continuing operations of the Company operate solely within the United States. A summary of business data for the Company's reportable segments for the fiscal years 1999, 1998 and 1997 are as follows:

<TABLE>

<CAPTION>

<S>	<C>	Telecom-	Retail	Investments	Total of
		munications	Related	Carried	Continuing
		-----	Travel	Under Cost	Operations
			Products	Method	-----
<S>	<C>	<C>	<C>	<C>	<C>
Revenue (external	1999	\$ 2,275,474	\$ 1,894,557	\$ -	\$ 4,170,031
customers)	1998	373,885	1,111,339	-	1,485,224
	1997	-	275,871	-	275,871
Segment income (loss)	1999 (1)	(\$3,619,345)	\$ 56,857	\$ -	(\$ 3,562,488)
	1998 (1)	(2,116,530)	(88,009)	-	(2,204,539)
	1997	-	(105,172)	-	(105,172)
Segment assets	1999	\$2,750,759	\$ 915,376	\$ 1,894,504	\$ 5,560,639
	1998	3,239,015	386,934	464,573	4,090,522
	1997	1,080,000	-	514,797	1,594,797
Depreciation and	1999 (2)	\$ 667,667	\$ 37,387	\$ -	\$ 705,054
amortization	1998 (2)	504,370	11,790	-	516,160
	1997	-	5,145	-	5,145
Interest expense	1999	\$ 15,419	\$ -	\$ -	\$ 15,419
	1998	467	-	-	467
	1997	-	-	-	-
Segment capital	1999	\$ 72,501	\$ 48,434	\$ -	\$ 120,935
expenditures	1998	39,713	-	-	39,713
	1997	-	45,127	-	45,127

</TABLE>

- (1) Losses from the investment in Access have been included in the Telecommunications business.
- (2) Includes amortization of goodwill related to investment in Access of \$375,000 in 1999 and 1998.

<PAGE>

<TABLE>

<CAPTION>

<S>	<C>	Discontinued Operations of Luggage Segment		Total Company
		<C>	<C>	
Revenue (external customers)	1999	\$ 6,774,265	\$	10,944,296
	1998	15,552,245		17,037,469
	1997	15,732,112		16,007,983
Segment income (loss)	1999 (1)	(\$ 3,943,065)	(\$	7,505,553)
	1998 (1)	(2,772,464)		(4,977,003)
	1997	(2,762,993)		(2,868,165)
Segment assets	1999	\$ 1,736,498	\$	7,297,137
	1998	6,938,520		11,029,042
	1997	12,446,851		14,041,648
Depreciation and amortization	1999 (2)	\$ 45,904	\$	750,958
	1998 (2)	85,845		602,005
	1997	105,023		110,168
Interest expense	1999	\$ 305,518	\$	320,937
	1998	513,566		514,033
	1997	573,544		573,544
Segment capital expenditures	1999	\$ -	\$	120,935
	1998	18,052		57,765
	1997	41,918		87,045

</TABLE>

- (1) Losses from the investment in Access have been included in the Telecommunications business.
- (2) Includes amortization of goodwill related to investment in Access of \$375,000 in 1999 and 1998.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
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9. Segment Reporting (Continued)

Major Customers of Discontinued Operations

Sales to one customer amounted to 31%, 23%, and 27% of net sales in fiscal 1999, 1998 and 1997, respectively. Sales to another customer amounted to 19%, 23% and 17% of net sales in fiscal 1999, 1998 and 1997, respectively. Sales to another customer amounted to 14% of net sales in fiscal 1997.

10. Investment In and Advances to Subsidiary

Effective July 15, 1992, the Company entered into an agreement to sell all of the stock of its then wholly-owned subsidiary, Sirco Leatherwares Limited (the "Subsidiary"). In exchange for the stock, the Company received a non-interest bearing \$650,000 note. The note is guaranteed by an officer of the Subsidiary who is also an officer of the buyer and, until December 1996, served on the Board of Directors of the Company. The agreement also requires the Company to forgive a portion of the amounts due to it from the Subsidiary. The Company's ability to collect the note receivable and the balance of the receivable from the Subsidiary is dependent upon cash flows from the Subsidiary's operations and/or the buyer's ability to refinance the obligations. As the risks and other incidents of ownership have not transferred to the buyer with sufficient certainty, this transaction has not been accounted for as a sale for accounting purposes.

The Company recorded a loss on this transaction in fiscal 1992, as the present value of the amounts to be received under the note and the revised accounts receivable were less than (i) the carrying value of the Company's investment in the Subsidiary plus (ii) the amounts receivable from the Subsidiary.

The non-interest bearing \$650,000 note received in exchange for stock in the Subsidiary ("the Stock Note") was due in thirty-two equal quarterly installments of \$20,213 beginning in August 1992. During fiscal 1996, the parties agreed to a one-year payment moratorium as to the Stock Note. On February 6, 1997, the parties agreed to modify the remaining repayment terms and to resume payments. The note, as modified, is to be repaid as follows: \$10,156 on February 7, 1997, \$10,156 on March 10, 1997, four quarterly payments of \$10,156 commencing on May 1, 1997 and ending on February 1, 1998, five quarterly payments of \$20,313 commencing on May 1, 1998 and ending on May 1, 1999, and four quarterly payments of \$50,781 commencing on August 1, 1999 and ending on May 1, 2000. Payments are being received on a current basis.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

10. Investment In and Advances to Subsidiary (Continued)

Also, pursuant to the agreement to sell the Company's investment in the Subsidiary, the Subsidiary agreed to pay interest quarterly at 8.5% per annum on a receivable of approximately \$720,000. If the Subsidiary is not in default on the payment of interest, the Company will forgive a portion of the receivable, in amounts as defined, through May 1, 2000. An amount of \$60,000 was forgiven in 1998, and \$50,000 in each of 1997 and 1996. The total amount forgiven will be \$420,000. The remaining receivable of approximately \$300,000 is payable in ten equal quarterly installments commencing in August 2000. Amounts outstanding after May 1, 2000 will bear interest at the prime rate.

At November 30, 1998, the aggregate principal balance of \$665,000 due on the above notes has been reduced for imputed interest of approximately \$40,000 and an allowance of approximately \$160,000 for uncollectibility, resulting in a net balance of \$465,000 at November 30, 1998.

During the fiscal year ended November 30, 1999, the notes were consolidated into a new note. The new note requires quarterly payments ranging from \$17,840 to \$34,350 through November 1, 2005. The present value of the new note, with interest imputed at 7.25%, was approximately \$500,000, which has a remaining balance of approximately \$465,000 at November 30, 1999. An allowance of \$40,000 has been established for potential uncollectibility, resulting in a net carrying value of approximately \$425,000 at November 30, 1999.

11. Stockholders' Equity

The Company accounts for its stock option plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees," under which no compensation expense is recognized. In fiscal 1997, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), for disclosure purposes; accordingly, no compensation expense has been recognized in the results of operations for its stock option plans as required by APB Opinion No. 25.

On August 17, 1995, the stockholders of the Company (i) approved an increase in the number of authorized shares of common stock from 3,000,000 shares to 10,000,000 shares; (ii) authorized the Company to issue 1,000,000 shares of preferred stock, par value \$.10 per share, with rights and privileges to be determined by the Board of Directors; and (iii) approved the 1995 Stock Option Plan of the Company (the "Plan"). The Plan provides for the grant of incentive stock options, non-qualified stock options, tandem stock appreciation rights, and stock appreciation rights exercisable in conjunction with stock options to purchase a specified number of shares of common stock. During fiscal 1997, the stockholders of the Company approved an amendment to the Plan to increase the number of shares of common stock that may be issued to 1,200,000 shares. In 1999, the stockholders of the Company approved an amendment to the Plan to increase the number of shares of common stock that may be issued to 2,400,000 shares.

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

In June 1998, the Company issued 700 shares of Series A preferred stock "Series A shares" having a par value of \$.10 per share. Each Series A share is convertible at the option of the holder into common shares at a conversion rate of 300 shares of common stock through May 31, 1999; after May 31, 1999, \$1,000 divided by the lesser of \$3.33 or the market price of the Company's common stock subject to a floor of \$1.67. The Company may cause the conversion of the Series A shares at any time after May 31, 1999 based upon the above conversion formula. The preferred shares have the same voting and dividend rights as common shares based upon the number of shares of common stock into which the preferred stock is convertible to. The preferred shares have a liquidation preference of \$1,000 per share. During 1999, at the election of the shareholders, all of the Series A shares were converted into common shares, resulting in the issuance of 373,654 shares of common stock.

During 1999, the Company established a new series of stock, Series B Preferred stock, \$.10 par value. The Company may issue up to 1,300 shares of the Series B Preferred stock, and such stock is entitled to receive dividends when as, and if dividends are declared by the Company on its common stock. Each holder of Series B preferred stock has the right, at the option of the holder, to convert each share of such stock into 1,000 shares of common stock. The Company has the right to convert each share of Series B preferred stock into common stock at the same conversion ratio. The conversion price of shares of Series B preferred stock is subject to adjustment in the event of any reclassification, subdivision or combination of the Company's outstanding common stock into a greater or smaller number of shares by a stock split, stock dividend or other similar event. In the event of a dissolution, liquidation or winding up of the Company, the holders of Series B preferred stock are entitled to receive, if available, prior and in preference to the holders of common stock, an amount equal to \$1,000 per share. Thereafter, any remaining assets, if any, would be distributed ratably to the holders of common stock. The holders of shares of Series B preferred stock are entitled to that number of votes on all matters presented to shareholders equal to the number of shares of common stock then issuable upon conversion of such shares of preferred stock. Without the approval of the holders of at least a majority of the Series B preferred stock then outstanding voting separately as a class, the Company may not amend its Certificate of Incorporation in any way that adversely affects the rights and preferences of the holders of the Series B preferred stock as a class. During 1999, 196 shares of Preferred Series B were issued, resulting in net proceeds to the Company of \$195,929.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

The following is a summary of outstanding options:

<TABLE>

<CAPTION>

	Number of Shares -----	Exercise Price Per Share -----	Weighted- Average Exercise Price -----
<S>	<C>	<C>	<C>
Outstanding December 1, 1996	383,000	\$1.00 - \$1.6875	\$ 1.26
Granted during year ended November 30, 1997	160,000	\$1.94 - \$2.13	\$ 2.03
Exercised/canceled during year ended November 30, 1997	(148,000) -----	\$1.00 - \$1.6875	\$ 1.12
Outstanding November 30, 1997	395,000	\$1.00 - \$2.13	\$ 1.63
Granted during year ended November 30, 1998	299,500	\$2.79 - \$3.13	\$ 2.96
Exercised/canceled during year ended November 30, 1998	(38,000) -----	\$1.00 - \$2.84	\$ 2.20
Outstanding November 30, 1998	656,500	\$1.00 - \$3.13	\$ 2.20
Granted during year ended November 30, 1999	1,013,500	\$1.00 - \$2.25	\$ 1.49
Exercised/canceled during year ended November 30, 1999	(229,000) -----	\$1.00 - \$2.84	\$ 2.46
Outstanding November 30, 1999	1,441,000 -----		\$ 1.63
Options exercisable, November 30, 1997	140,000 -----	\$1.00 - \$1.44	\$ 1.33
Options exercisable, November 30, 1998	322,500 -----	\$1.00 - \$2.13	\$ 1.70
Options exercisable, November 30, 1999	661,500 -----	\$1.00 - \$2.84	\$ 1.71

</TABLE>

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

The following table summarizes information about the options outstanding at November 30, 1999:

<TABLE>

<CAPTION>

Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted- Average Remaining Contractual Life (Years)	Weighted- Average Exercise Price	Number Outstanding	Weighted- Average Exercise Price
<C>	<C>	<C>	<C>	<C>	<C>
\$1.00 - \$1.94	1,120,500	3.85	\$1.42	492,500	\$1.43
\$2.13 - \$2.84	320,500	3.72	\$2.42	169,000	\$2.50

</TABLE>

For disclosure purposes, the fair value of each stock option grant is estimated on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions used for stock options granted: annual dividends of \$0.00 for all years, expected volatility of 88% for 1997, 117% for 1998 and 126% for 1999, risk-free interest rate of 6.03% for 1997, 5.66% for 1998 and 5.53% for 1999, and expected life of five years for all grants. The weighted-average fair value of stock options granted in 1999, 1998 and 1997 was \$.97, \$2.36 and \$.91, respectively.

Under the above model, the total value of stock options granted in 1999, 1998 and 1997 was \$924,707, \$652,976 and \$146,041, respectively, which would be amortized ratably on a pro forma basis over the related vesting periods, which generally range from five to ten years. Had the Company determined compensation cost for these plans in accordance with SFAS No. 123, the Company's pro forma net loss would have been (\$7,655,167) in 1999, (\$5,131,886) in 1998, and (\$2,906,052) in 1997, and the Company's pro forma loss per share would be (\$.88) for 1999, (\$.99) for 1998, and (\$.90) for 1997.

In April 1997, the Company raised \$609,000, net of placement agent fees, through the private placement issuance of 400,000 units at \$1.75 per unit, with each unit consisting of one share of common stock, one common stock Class A warrant exercisable at \$2.06 per share for one year, and one common stock Class B warrant exercisable at \$2.56 per share for one year. Additionally, 120,000 Class A warrants were granted to the placement agent and a consulting firm in connection with the transaction. As of November 30, 1998, substantially all the warrants had been exercised and the remaining warrants expired.

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

On October 24, 1996, the shareholders of the Company adopted the eLEC Communications, Inc. 1996 Restricted Stock Award Plan (the "Restricted Stock Award Plan"). An aggregate of 400,000 shares of common stock of the Company has been reserved for issuance in connection with awards granted under the Restricted Stock Award Plan. Such shares may be awarded from either authorized and unissued shares or treasury shares. The maximum number of shares that may be awarded under the Restricted Stock Award Plan to any individual officer or key employee is 100,000. Approximately five employees of the Company and its subsidiaries are currently eligible to participate in the Restricted Stock Award Plan. No shares were awarded during 1999, 1998 and 1997.

12. Fourth Quarter Adjustment

During the fourth quarter of the year ended November 30, 1997, the Company recorded an adjustment of approximately \$615,000 to write down certain inventory.

13. Investment in and Transactions with Affiliates

Access One Communications Corp.

On October 22, 1997, the Company acquired 3,000,000 common shares of Access One Communications Corp. and Subsidiaries ("Access"), formerly known as CLEC Holding Corp., in exchange for 375,000 shares of the Company's common stock, subject to certain price protection adjustments which required the Company to issue an additional 50,000 shares of common stock.

During fiscal 1998, there were two additional exchanges of shares with Access. The first exchange occurred on April 23, 1998 when the Company exchanged 350,000 shares of its common stock for 300,000 shares of Access common stock. This exchange was valued at \$1,233,750. Additionally, Access agreed to reimburse the Company \$150,000 for expenses. The second exchange occurred on September 10, 1998 when the Company exchanged 400,000 shares of its common stock for 400,000 shares of Access common stock. This exchange was valued at \$221,280. In February 1998, the Company exchanged 50,000 shares of its common stock for 200,000 shares of Access common stock during 1998 with a private investor. This exchange was valued at \$104,070.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Access One Communications Corp. (Continued)

In March 1999, the Company issued to Access 1,420,000 shares of common stock in consideration for the issuance by Access to the Company of 1,775,000 shares of its common stock. In connection with such transaction, Access was granted an option to put to the Company for repurchase at any time on or before December 1, 1999 at the original purchase price, all or a portion of the shares of common stock it purchased in March 1999. In connection with any such exercise of its put option, in whole or in part, Access was required to issue to the Company warrants to purchase 500,000 shares of Access One common stock at a purchase price of \$1.00 per share, which are carried at no value. Prior to October 31, 1999, Access notified the Company of its intention to exercise its option. On December 1, 1999, Access exercised its option with respect to 1,400,000 shares of our common stock, which has been reflected in the accompanying financial statements as of November 30, 1999.

The Company's investment in Access is carried on the equity method of accounting. At November 30, 1998, the cost of the investment in Access had been reduced by \$159,396, attributable to the Company's portion (at cost) of the Company's common stock held by Access, with a corresponding charge to treasury stock. As of November 30, 1998, the Company owned approximately 28% of Access. The Company, for its fiscal year ended November 30, 1999 and 1998, included its share of Access' operations based on Access' year-end of October 31, 1998. All of the Company's investment at November 30, 1998 represents goodwill, which was being amortized over seven years, based on original cost. The Company recorded a loss of \$1,661,630 and \$1,423,000 (including goodwill amortization of \$375,000 in 1999 and 1998) on its equity in the operations of Access for the years ended November 30, 1999 and 1998. As of November 30, 1999, the Company's investment in Access has been reduced to zero.

Access was formed in 1991 and was inactive until September 1997, when Access acquired 95% of the capital stock of The Other Phone Company, Inc. ("OPC"), an integrated telecommunications provider based in Florida. Substantially all of Access' revenues represent the resale of telephone services pursuant to a resale agreement with one supplier, BellSouth Corporation.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Access One Communications Corp. (Continued)

In March 1999, the Company issued to Access 1,420,000 shares of common stock in consideration for the issuance by Access to the Company of 1,775,000 shares of its common stock. In connection with such transaction, Access was granted an option to put to the Company for repurchase at any time on or before December 1, 1999 at the original purchase price, all or a portion of the shares of common stock it purchased in March 1999. In connection with any such exercise of its put option, in whole or in part, Access was required to issue to the Company warrants to purchase 500,000 shares of Access One common stock at a purchase price of \$1.00 per share, which are carried at no value. Prior to October 31, 1999, Access notified the Company of its intention to exercise its option. On December 1, 1999, Access exercised its option with respect to 1,400,000 shares of our common stock, which has been reflected in the accompanying financial statements as of November 30, 1999.

The Company's investment in Access is carried on the equity method of accounting. At November 30, 1998, the cost of the investment in Access had been reduced by \$159,396, attributable to the Company's portion (at cost) of the Company's common stock held by Access, with a corresponding charge to treasury stock. As of November 30, 1998, the Company owned approximately 28% of Access. The Company, for its fiscal year ended November 30, 1999 and 1998, included its share of Access' operations based on Access' year-end of October 31, 1998. All of the Company's investment at November 30, 1998 represents goodwill, which was being amortized over seven years, based on original cost. The Company recorded a loss of \$1,661,630 and \$1,423,000 (including goodwill amortization of \$375,000 in 1999 and 1998) on its equity in the operations of Access for the years ended November 30, 1999 and 1998. As of November 30, 1999, the Company's investment in Access has been reduced to zero.

Access was formed in 1991 and was inactive until September 1997, when Access acquired 95% of the capital stock of The Other Phone Company, Inc. ("OPC"), an integrated telecommunications provider based in Florida. Substantially all of Access' revenues represent the resale of telephone services pursuant to a resale agreement with one supplier, BellSouth Corporation.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Access One Communications Corp. (Continued)

The results of operations for the years ended October 31, 1999, 1998 and 1997 and financial position of Access as of October 31, 1999 and 1998 are summarized below:

<TABLE>

<CAPTION>

Condensed Income Statement Information

	1999	1998	1997
	-----	-----	-----
<S>	<C>	<C>	<C>
Revenue	\$15,412,640	\$5,811,038	\$ 479,516
	-----	-----	-----
Cost of service	12,177,793	5,045,514	366,243
Gross profit	3,234,847	765,524	113,273
Net loss	(4,994,124)	(4,761,333)	(158,098)

<CAPTION>

Condensed Balance Sheet Information

	1999	1998
	----	----
<S>	<C>	<C>
Current assets, including investment in eLEC Communications, Inc. common shares carried at \$675,000 and \$396,175 at October 31, 1999 and 1998	\$3,111,715	\$1,621,223
Non-current assets	852,680	630,394
Goodwill and other intangible assets	2,322,714	1,633,732
Current liabilities	4,806,419	4,200,705
Non-current liabilities	6,837,119	181,124
Stockholders' equity (deficiency)	(5,356,429)	(496,480)

</TABLE>

In addition, options have been granted by Access to purchase common shares of Access to the Chief Executive Officer of the Company (150,000 shares at \$1.20 per share) and to another officer of the Company who serves on the Board of Directors of Access (100,000 shares at \$1.00 per share).

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Riderpoint, Inc.

On April 15, 1999, the Company purchased 600,000 shares of the voting stock (19%) of Riderpoint, Inc. ("Riderpoint") by issuing 250,000 shares of its common stock, in a transaction valued at \$412,500. On November 30, 1999, the Company increased its ownership interest in Riderpoint by purchasing an additional 500,000 shares of the voting stock of Riderpoint by issuing 300,000 shares of its common stock, in a transaction valued at \$862,500, thereby increasing its ownership interest in Riderpoint to 27% on such date. For the year ended November 30, 1999, the investment in Riderpoint was accounted for on the cost method. Commencing on December 1, 1999, the Company will begin to account for its investment in Riderpoint on the equity method of accounting. In 1999, the Company charged Riderpoint a \$75,000 fee for assistance in developing Riderpoint's website.

Riderpoint was incorporated in 1997. Riderpoint has developed an Internet website which provides an online insurance rating program for, comparing, and buying motorcycle insurance.

The following summarizes the results of operations and net assets (unaudited) of Riderpoint.

Condensed Income Statement Information

	Year ended December 31,	
	1999	1998
	----	----
Revenue	\$251,244	\$ 26,539
Costs and expenses	617,452	110,502
	-----	-----
Net loss	(\$366,208)	(\$ 83,963)
	-----	-----

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Riderpoint, Inc. (Continued)

Condensed Balance Sheet Information

<TABLE>

<CAPTION>

	December 31, 1999 ----	December 31, 1998 ----
<S>	<C>	<C>
Current assets	\$ 34,319	\$ 12,437
Non-current assets (1)	1,196,780	31,813
Current liabilities	198,581	-
Non-current liabilities	90,339	-
Stockholders' equity (2)	942,179	44,250

</TABLE>

- (1) Including 400,000 shares of common stock of eLEC at December 31, 1999.
- (2) Including, in 1999, \$1,275,000 of capital in a capital transaction with eLEC common stock.

14. Risks and Uncertainties

The Company buys substantially all of the telecommunication services that it resells from one supplier, Bell Atlantic Corporation, and is, therefore, highly dependent upon Bell Atlantic Corporation. Management of the Company believes that its relationship with Bell Atlantic Corporation is good. Management of the Company believes that there are less desirable suppliers of telecommunication services in the geographical location in which the Company conducts business. In addition, the Company is at risk to regulatory agreements that govern the rates to be charged to the Company. In light of the foregoing, it is reasonably possible that the loss of the Company's relationship with Bell Atlantic Corporation or a significant unfavorable change in the regulatory agreements structure would have a severe near-term impact on the Company's ability to conduct its telecommunications business.

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

15. Subsequent Events

On January 21, 2000, the Company acquired Telecarrier Services, Inc. ("Telecarrier"), a competitive local exchange carrier located in New Jersey. The acquisition will be accounted for as a purchase and was effectuated by the Company issuing 500,000 shares of its common stock for all the issued and outstanding shares of Telecarrier, of which 400,000 shares were issued at the closing of the merger and 100,000 shares were reserved for issuance upon completion of an audit of Telecarrier's financial statements, and an additional 280,000 shares of the Company's common stock which will be issued in such amounts and at such times as set forth in the related merger agreement. In addition, the Company repaid certain promissory notes of Telecarrier by issuing a total of 32,000 shares of the Company's common stock and paying \$14,200 in cash.

Subsequent to November 30, 1999 and through February 25, 2000, the Company received net proceeds of approximately \$2,000,000 from the exercise of warrants for 345,750 shares and a private placement of 538,000 shares of common stock.

<PAGE>
<TABLE>
<CAPTION>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

Column A	Column B	Column C	Column D	Column E
-----	-----	-----	-----	-----
Description	Balance at Beginning of Period	Charged to Costs and Expenses*	Additions Accounts Written Off	Balance at End of Period
-----	-----	-----	---	-----
<S>	<C>	<C>	<C>	<C>
Year ended November 30, 1999:				
Allowance for doubtful accounts	\$ 337,000	\$ 205,000	\$118,000	\$ 424,000
Valuation allowance for deferred tax asset	\$3,800,000	\$1,650,000	\$ --	\$5,450,000
Year ended November 30, 1998:				
Allowance for doubtful accounts	\$ 200,000	\$ 299,000	\$162,000	\$ 337,000
Valuation allowance for deferred tax asset	\$3,040,000	\$ 760,000	--	\$3,800,000
Year ended November 30, 1997:				
Allowance for doubtful accounts	\$ 276,000	\$ 278,000	\$354,000	\$ 200,000
Valuation allowance for deferred tax asset	\$1,970,000	\$1,070,000	--	\$3,040,000

</TABLE>

* Net of recoveries

<DOCUMENT>

<TYPE>

10-Q

<TEXT>

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended February 29, 2000.

OR

[]

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number 0-4465

eLEC Communications Corp.

(Exact Name of Registrant as Specified in Its Charter)

New York

13-2511270

(State or Other Jurisdiction
of Incorporation or Organization)

(I.R.S. Employer
Identification No.)

509 Westport Avenue, Norwalk, Connecticut

06851

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code

203-750-1000

(Former Name, Former Address and Former Fiscal Year, if Changed
Since Last Report)

Indicate by check mark whether the registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes [X] No [].

Indicate the number of shares outstanding of each of the
registrant's classes of common stock, as of the latest practicable date:
13,324,525 shares of Common Stock, par value \$.10 per share, as of April 1,
2000.

<PAGE>

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

<TABLE>

<CAPTION>

eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Balance Sheets

	Feb. 29, 2000	Nov. 30, 1999
	-----	-----
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,424,453	\$ 591,299
Accounts receivable	2,142,968	1,245,078
Inventory	551,989	876,460
Prepaid expenses	133,073	52,636
Other current assets	234,822	177,680
Land and building held for sale	605,419	596,304
	-----	-----
Total current assets	6,092,724	3,539,457
	-----	-----
Property and equipment at cost	486,846	322,734
Less accumulated depreciation	124,051	111,036
	-----	-----
Net property and equipment	362,795	211,698
	-----	-----
Other assets	124,971	97,108
Investment in and advances to subsidiary	410,021	424,575
Investments under the equity method	1,060,991	--
Investments under cost method	194,929	1,469,929
Goodwill	3,473,938	1,554,370
	-----	-----
	5,264,850	3,545,982
	-----	-----
Total assets	\$ 11,720,369	\$ 7,297,137
	-----	-----
Liabilities and stockholders' equity Current liabilities:		
Loans payable to financial institutions and current maturities of long-term debt	\$ 457,743	\$ 523,695
Due to related parties	22,725	34,725
Accounts payable	1,728,186	1,302,714
Accrued expenses and taxes	1,808,271	1,779,704
	-----	-----
Total current liabilities	4,016,925	3,640,838
	-----	-----
Long-term debt, less current maturities	463,169	197,772
	-----	-----

</TABLE>

<PAGE>

<TABLE>

<CAPTION>

<S>

<C>

<C>

Stockholders' equity:

Preferred stock, \$.10 par value, 1,000,000 shares authorized		
Series B issued, 196 shares in 2000 and 1999	20	20
Common stock \$.10 par value, 20,000,000 shares authorized,		
13,108,414 issued (2000), 11,287,164 issued (1999)	1,310,840	1,128,715
Capital in excess of par value	23,171,070	18,808,397
Retained earnings (deficit)	(17,018,988)	(16,370,088)
Treasury stock at cost	(27,500)	(27,500)
Treasury stock held by equity investee	(136,688)	--
Accumulated other comprehensive income (loss),		
accumulated foreign currency translation adjustment	(58,479)	(81,017)
	-----	-----
Total stockholders' equity	7,240,275	3,458,527
	-----	-----
Total liabilities and stockholders' equity	\$ 11,720,369	\$ 7,297,137
	=====	=====

</TABLE>

See notes to the condensed financial statements

Note: The balance sheet at November 30, 1999 has been derived from audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles.

<PAGE>

<TABLE>

<CAPTION>

eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended	
	Feb. 29, 2000	Feb. 28, 1999
<S>	<C>	<C>
Revenues:		
Telecommunications services	\$ 1,750,843	\$ 362,663
Specialty retail products	475,390	352,247
Total revenues	2,226,233	714,910
Costs and expenses:		
Costs of telecommunication services	1,212,956	322,551
Costs of specialty retail product sales	271,500	203,772
Selling and general and administrative	1,264,358	371,807
Depreciation and amortization	105,365	88,427
Equity in loss of investee	77,321	424,701
Total costs and expenses	2,931,500	1,411,258
Loss from operations	(705,267)	(696,348)
Other (income) expense:		
Interest expense	19,163	680
Interest income	(8,251)	(33)
Miscellaneous income, net	(67,279)	--
	(56,367)	647
Loss from continuing operations	(648,900)	(696,995)
Loss from discontinued operations	--	(820,978)
Net loss	(\$ 648,900)	(\$1,517,973)
Basic and diluted loss per share		
Continuing operations	(\$ 0.06)	(\$ 0.11)
Discontinued operations	--	(\$ 0.12)
Net loss	(\$ 0.06)	(\$ 0.23)
Weighted average number of common shares outstanding	11,739,156	6,537,492

</TABLE>

See notes to the condensed consolidated financial statements.

<PAGE>

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eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended	
	Feb. 29, 2000	Feb. 28, 1999
	-----	-----
<S>	<C>	<C>
Net loss	(\$ 648,900)	(\$1,517,973)
Adjustments to reconcile net loss		
to net cash used in operating activities:		
Depreciation and amortization	105,365	88,427
Provision for losses in accounts receivable	100,000	33,323
Loss in equity of investee	77,321	424,701
Changes in operating assets and liabilities:		
Accounts receivable	(997,890)	519,198
Inventory	324,471	(204,266)
Prepaid expenses	(80,437)	(40,071)
Other current assets	(66,257)	49,443
Other assets	(27,863)	19,943
Accounts payable and accrued expenses	454,039	425,660
	-----	-----
Net cash used in operating activities:	(760,151)	(201,615)
	-----	-----
Cash flows from investing activities: -		
Purchase of property and equipment	(164,112)	(32,578)
Acquisition of Telecarrier Services Inc.	(7,718)	--
Proceeds from agreement to sell subsidiary	14,554	--
	-----	-----
Net cash used in investing activities	(157,276)	(32,578)
	-----	-----
Cash flows from financing activities:		
Increase in loans payable to financial institutions		
and related parties	187,445	6
Proceed from issuance of preferred stock	--	196,000
Proceeds from exercise of warrants	929,375	--
Proceeds from private placement of common stock	1,379,500	--
Proceeds from exercise of stock options	214,250	4,125
	-----	-----
Net cash provided by financing activities	2,710,570	200,131
	-----	-----
Effect of exchange rate changes on cash	40,011	(128)
	-----	-----
Increase (decrease) in cash and cash equivalents	1,833,154	(34,190)
Cash and cash equivalents at beginning of period	591,299	352,489
	-----	-----
Cash and cash equivalents at the end of period	\$ 2,424,453	\$ 318,299
	-----	-----

</TABLE>

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Supplemental disclosures of cash flow information

Cash paid during the period for:

Interest

Continuing operations

\$ 27,200

\$ 680

Discontinued operations

--

\$ 80,369

Income taxes

--

--

</TABLE>

See Part II, Item 2., Changes in Securities, for non-cash financing activities during the three-month period ending February 29, 2000.

See notes to the condensed consolidated financial statements.

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eLEC COMMUNICATIONS CORP.

Notes To Condensed Consolidated Financial Statements (Unaudited)

Note 1-Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended February 29, 2000 are not necessarily indicative of the results that may be expected for the year ended November 30, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended November 30, 1999.

For the three-month periods ending February 29, 2000 and February 28, 1999, there were no significant non-owner sources of income or expense. Accordingly, a separate statement of comprehensive income has not been presented herein.

Note 2-Financing Arrangements

On March 3, 1999, our subsidiary, Essex Communications, Inc. ("Essex"), entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to \$500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to \$1,000,000. The Receivables Sales Agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of February 29, 2000, Essex was indebted to RFC for the principal amount of approximately \$452,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.75% per annum at February 29, 2000.

The Company's subsidiary, Telecarrier Services Inc. ("Telecarrier"), has a \$150,000 line of credit with a bank. Amounts drawn on the line of credit bear interest at the rate of 9.75% per annum. The line is payable on demand subject to sixty (60) days written notice. At February 29, 2000, the entire line was utilized.

The Company's Canadian subsidiary, Sirco International (Canada) Ltd., has a real property mortgage with its bank, National Bank of Canada. The mortgage is payable in monthly installments of approximately \$3,300, including interest at 10.25% per annum, with a balloon payment of approximately \$300,000 due in June 2000. At February 29, 2000, the mortgage was approximately \$307,000.

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Note 3-Investment in Subsidiary

On January 20, 2000, the Company acquired all the outstanding common stock of Telecarrier in exchange for 500,000 shares of the Company's common stock and a cash payment of \$44,200 in a transaction valued at approximately \$1,669,000. Additionally, the Company issued 32,000 shares of the Company's common stock to retire certain indebtedness of Telecarrier. The purchase agreement provides for additional shares of the Company's common stock to be issued if certain performance objectives are achieved. Telecarrier is a full service telecommunications provider for small and mid-sized companies. The acquisition has been accounted for as a purchase.

Note 4-Discontinued Operations

In August 1999, the Company sold certain assets and assigned certain licenses of its former domestic luggage division to Interbrand L.L.C., a non-related accessory company, and subsequently discontinued operations of its wholesale luggage segment.

The operating results of the former wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in the condensed consolidated statements of operations for all periods presented, including the prior period financial statements in which the Company has restated the operating results of its former wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by the former wholesale luggage segment is included as operating expenses of such discontinued segment. Operating results of the discontinued operation for the three-month periods ending February 29, 2000 and February 28, 1999 are as follows:

<TABLE>

<CAPTION>

	Three Months Ended	
	February 29, 2000	February 28, 1999
	-----	-----
<S>	<C>	<C>
Net sales	\$ --	\$1,772,000
Cost of sales	--	1,542,000
Operating expenses	--	1,082,000
Other income	--	(31,000)
	-----	-----
Loss from discontinued operations	\$ --	(\$ 821,000)
	-----	-----

</TABLE>

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Item 2. Management's Analysis and Discussion of Financial Condition and Result

of Operations

The statements contained in this Report that are not historical facts are "forward-looking statements" which can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. Management wishes to caution the reader of the forward-looking statements, that such statements, which are contained in this Report, reflect management's current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee, and general business factors affecting the Company's operations, markets, growth, services, products and other factors discussed in the Company's other filings with the Securities and Exchange Commission, and that these statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing the Company, and actual events may differ from the assumptions underlying statements that have been made regarding anticipated events. Factors that may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation: (1) the availability of additional funds to successfully pursue the Company's business plan; (2) the Company's ability to maintain, attract and integrate internal management, technical information and management information systems; (3) the time and expense to construct the Company's planned network operating center and digital subscriber line network; (4) the cooperation of incumbent carriers in implementing the unbundled network elements platform required by the Federal Communications Commission; (5) the Company's ability to market its services to current and new customers and to generate customer demand for its products and services in the geographical areas in which the Company can operate; (6) the Company's success in gaining regulatory approval to access new markets; (7) the Company's ability to negotiate and maintain suitable interconnection agreements with incumbent carriers; (8) the availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost; (9) the impact of changes in telecommunication laws and regulations; (10) the intensity of competition; and (11) general economic conditions. All written and oral forward-looking statements made in connection with this Report that are attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Three Months Ended February 29, 2000 vs. February 28, 1999

Continuing operations

Net revenues for the three months ended February 29, 2000 increased by approximately \$1,511,000, or approximately 211%, to approximately \$2,226,000 as compared to approximately \$715,000 reported for the three months ended February 28, 1999.

<PAGE>

Net revenues of the Company's telecommunications division increased by approximately \$1,388,000, or approximately 382%, to approximately \$1,751,000 for the three-month period ending February 29, 2000 from approximately \$363,000 reported in the three-month period ending February 28, 1999. The increase was attributable to the rapid growth in the number of installed access lines provisioned by the Company. The Company is certified to resell local telephone services and value-added products in the states of Connecticut, Florida, Massachusetts, New Jersey, New York, Rhode Island and Virginia, and is seeking certification in an additional 23 states. The Company also provides dial-up, dedicated and high-speed Digital Subscriber Line ("DSL") Internet access, Web design, hosting and E-commerce development to small and medium-sized businesses.

Net revenues of the Company's specialty retail sales division, consisting of the operations of Airline Ventures, Inc. ("AVI"), increased for the three-month period ending February 29, 2000 by approximately \$123,000, or approximately 35%, to approximately \$475,000 from approximately \$352,000 reported in the three-month period ending February 28, 1999. AVI operates three retail stores in Texas for professional airline flight crew members and sells pilot uniforms, study guides and travel products. Its products are sold on the E-commerce site, www.avishop.com, and on a Web site, www.tagintl.com.

The Company's gross profit for the three-month period ending February 29, 2000 increased by approximately \$553,000 to approximately \$742,000 from approximately \$189,000 reported in the three-month period ending February 28, 1999, and the gross profit percentage increased to 33.3% from 26.4% reported in the prior fiscal period. The increase in gross profit percentage is primarily attributable to Company's ability to utilize the unbundled network elements platform ("UNE-P") for customers in New York and Massachusetts. Approximately 70% of the customers were on the UNE-P service offering as of February 29, 2000, as compared to no customers at February 28, 1999. The Federal Communications Commission has mandated this service offering in all 50 states. The Company anticipates that the nationwide usage of UNE-P will enable it to expand into new geographical territories and maintain gross margins of over 30%. Management expects the gross margin of its specialty retail segment to continue at its current level of over 40%.

Selling, and general and administrative expenses increased by approximately \$892,000, or approximately 240%, to approximately \$1,264,000 for the three-month period ending February 29, 2000 from approximately \$372,000 reported in prior fiscal period. A major portion of this increase was attributable to the labor and facility expenses incurred by the Company's telecommunications division. This increase in expense is directly related to the significant increase in telecommunications revenues in the three-month period ending February 29, 2000 as compared to the prior fiscal period in 1999.

At February 29, 2000, the Company owned approximately 27% of the capital stock of RiderPoint, Inc. ("RiderPoint"). RiderPoint specializes in the development of comparative rating insurance software and sells motorcycle insurance through a wholly-owned subsidiary. As the Company's investment in RiderPoint is accounted for under the equity of accounting, the Company is required to include its portion of RiderPoint's net loss in the Company's results of operations. For the three-month period ending February 29, 2000, the Company has recorded a loss of approximately \$77,000 relating to its investment in RiderPoint. The Company had no investment in RiderPoint in the prior fiscal period. At February 28, 1999, the Company was the largest shareholder of Access One Communications Inc.

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("Access One"), owning approximately 30.6% of Access One's capital stock. As the Company's investment in Access One was accounted for under the equity method of accounting, the Company was required to include its portion of Access One's net loss in the Company's results of operations. For the three-month period ending February 28, 1999, the Company recorded a loss of approximately \$425,000 relating to its investment in Access One. The Company recorded losses in fiscal 1999 equal to its investment in Access One. As a result, the Company's investment in Access One has been reduced to zero.

Interest expense for the three-month period ending February 29, 2000 increased by approximately \$18,000 from the amount reported in the three-month period ending February 28, 1999 primarily due to increased average borrowings.

Miscellaneous income for the three-month period ending February 29, 2000 of \$67,000 resulted primarily from the sale of Access One shares.

Discontinued operations

In August 1999, the Company sold certain assets and assigned certain licenses of its former domestic luggage division to Interbrand L.L.C., a non-related accessory company, and subsequently discontinued operations of its wholesale luggage segment.

The operating results of the former wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in the condensed consolidated statements of operations for all periods presented, including the prior period financial statements in which the Company has restated the operating results of its former wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by the former wholesale luggage segment is included as operating expenses of such discontinued segment. The Company reported no results from discontinued operations for the three-month period ending February 29, 2000 as compared to a loss of approximately \$821,000 for the three-month period ending February 28, 1999.

Liquidity and Capital Resources

At February 29, 2000, the Company had cash and cash equivalents available of approximately \$2,424,000, and working capital of approximately \$2,076,000 as compared to cash and cash equivalents available of approximately \$318,000, and working capital of approximately \$321,000 in the prior fiscal period.

Net cash used in operating activities (including discontinued operations in the first fiscal period of 1999) aggregated approximately \$760,000 and \$202,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. The increase in net cash used in operating activities of approximately \$558,000 is primarily the result of an increase of approximately \$998,000 in accounts receivable, due to the significant increase in revenues recorded by the Company's telecommunications division, as compared to the comparable quarterly period in 1999, for which accounts receivable was a source of cash of approximately \$519,000. This impact of this change in accounts receivable was partially offset by the decrease in the net loss in the first fiscal quarter of fiscal 2000 as compared to the prior year period. On March 3, 1999, the Company's subsidiary, Essex Communications, Inc. ("Essex"), entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides

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for Essex to sell up to \$500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to \$1,000,000. The Receivables Sales Agreement does not transfer the risk of loss to RFC, and has been treated by the Company as a financing for financial statement purposes. As of February 29, 2000, Essex was indebted to RFC for the principal amount of approximately \$452,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.75% per annum at February 29, 2000.

Net cash used in investing activities aggregated approximately \$157,000 and \$33,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. Cash from investing activities was used in the first fiscal quarter of 2000 for the purchase of fixed assets and the acquisition of Telecarrier. The source of cash provided from investing activities in the first fiscal quarter 2000 was the proceeds from the 1992 sale of a subsidiary. Cash from investing activities was used in the first fiscal quarter of 1999 for the purchase of fixed assets.

Net cash provided by financing activities aggregated approximately \$2,711,000 and \$200,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. In the first quarter of fiscal 2000, net cash provided by financing activities resulted primarily from the proceeds of borrowings from financial institutions of approximately \$188,000; the proceeds from the exercise of warrants of approximately \$929,000; the proceeds from a private placement of common stock of approximately \$1,380,000; and the proceeds of the exercise of stock options of approximately \$214,000. In the first quarter of fiscal 1999, net cash provided by financing activities resulted from the proceeds of the issuance of preferred stock of approximately \$196,000 and the proceeds from the exercise of stock options of approximately \$4,000.

The Company's subsidiary, Telecarrier, has a \$150,000 line of credit with a bank. Amounts drawn on the line of credit bear interest at the rate of 9.75% per annum. The line is payable on demand subject to sixty (60) days written notice. At February 29, 2000, the entire line was utilized.

The Company's Canadian subsidiary, Sirco International (Canada) Ltd., has a real property mortgage with its bank, National Bank of Canada. The mortgage is payable in monthly installments of approximately \$3,300, including interest at 10.25% per annum, with a balloon payment of approximately \$300,000 in June 2000. At February 29, 2000, the mortgage was approximately \$307,000.

For the quarter ended February 29, 2000, the Company incurred approximately \$164,000 in capital expenditures. The Company plans to make an additional \$300,000 in capital expenditures in fiscal 2000 in conjunction with the establishment of a network operations center in Norwalk, Connecticut and with the planned expansion to become a nationwide Competitive Local Exchange Carrier ("CLEC"). The Company anticipates financing these expenditures through equipment leases and by using its existing working capital.

As of February 29, 2000, the Company owned approximately 18% of Access One. On March 24, 2000, Talk.com Inc., a Delaware corporation ("Talk"), Aladdin Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Talk ("Merger Sub"), and Access One, entered into an Agreement and Plan of Merger (the "Merger Agreement"), which provides, among other things, for the merger

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(the "Merger") of Merger Sub with and into Access One. Upon consummation of the Merger, Access One will become a wholly owned subsidiary of Talk. Under the terms of the Merger Agreement, Access One stockholders will receive 0.571428 shares of Talk's common stock in exchange for each share of Access One common stock held by such stockholders at the effective time of the Merger. It is expected that, as a result of the Merger, shareholders of Access One will receive an aggregate of approximately 14.3 million shares of Talk's common stock, of which the Company will receive approximately 2.5 million shares. The transaction has been approved by the Boards of Directors of each of Talk and Access One, but is contingent upon, among other things, approvals of both Talk's and Access One's stockholders, certain regulatory approvals (including approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and certain telecommunications regulatory approvals), and other customary conditions. Under a Voting Agreement entered into on March 24, 2000, the holders of approximately 67.8% of Access One's outstanding common stock have agreed to vote in favor of the Merger. In connection with the Merger, Access One has also entered into a five-year agreement to provide certain telecommunications services to Talk and its subsidiaries. Access One has the right to terminate that agreement if the merger with Talk.com is not consummated. Access One shareholders anticipate receiving Talk common stock that has been registered for resale, subject to an agreement to not sell the stock until three months after the registration statement is declared effective, or until October 31, 2000, whichever occurs sooner.

Management believes that the specialty retail sales division's working capital and cash flow from operations will be sufficient to meet the cash and capital requirements for the Company's specialty retail sales division for the next twelve months. This division operated profitably in the first quarter and anticipates being able to continue its current rate of growth for the next several quarters. Management anticipates that the Company has sufficient capital on hand to meet the operating needs of its telecommunications division over the next 12 months. In addition to the cash on hand and the shares of Talk that the Company may receive in conjunction with the Merger between Talk and Access One, the Company has sent redemption notices requiring the exercise of warrants to purchase approximately 622,000 shares of eLEC common stock from the Company at a price of \$4.00 per share.

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eLEC COMMUNICATIONS CORP.

PART II-OTHER INFORMATION

Item 2. Changes in Securities

On January 19, 2000, the Company issued to the former member of WebQuill Internet Services LLC ("WebQuill") 150,000 shares of common stock of the Company in conjunction with the satisfaction of certain performance criteria established in connection with the acquisition of WebQuill. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On January 20, 2000, the Company issued to the former shareholders of Telecarrier Services Inc. 500,000 shares of common stock of the Company in conjunction with the purchase of Telecarrier. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On January 20, 2000, the Company issued 32,000 shares of common stock of the Company in conjunction with the retirement of certain indebtedness of Telecarrier. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended

On February 3 and February 29, 2000, the Company issued an aggregate of 391,750 shares of common stock of the Company in conjunction with the exercise of warrants. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On December 28, 1999 and February 29, 2000, the Company issued an aggregate of 602,000 shares of common stock of the Company in conjunction with a private placement of stock. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

<PAGE>

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.
None

27-- Financial Data Schedule.

(b) Reports on Form 8-K
None.

<PAGE>

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

eLEC Communications Corp.

April 13, 2000

Date

By: /s/ Paul H. Riss

Paul H. Riss
Chief Executive Officer
(Principal Financial and
Accounting Officer)

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EXHIBIT INDEX

No. ---	Description -----	Page No. -----
27	Financial Data Schedule.	16

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This schedule contains summary financial information extracted from the Balance Sheet and Income Statement and is qualified in its entirety by reference to such financial statements.

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ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Attachment F

Biographies of Senior Executive Team

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Biographies of Senior Executive Team

Legend of Companies:

eLEC Communications Corporation ("eLEC") (Parent Company)

Essex Communications, Inc. ("Essex") a wholly owned subsidiary of eLEC

Telecarrier Services Inc. a wholly owned subsidiary of eLEC

Webquill Internet Services, a wholly owned subsidiary of eLEC

Paul H. Riss, Chief Financial Officer, Chief Executive Officer and Treasurer

Mr. Riss began his career at Ernst & Young as Senior Audit Manager in 1979. In 1987 he became the Chief Financial Officer and Treasurer of Peter's Bag Corporation in New York. Mr. Riss also held the positions of Chief Financial Officer at ComponentGuard, Inc. and Sequins International, Inc. before joining eLEC Communications Corp. (formerly known as Sirco International Corp.) as Chief Financial Officer in 1996. In this position he manages internal and external reporting and provides financial analysis for acquisition of internet service provider and Bell Atlantic CLEC. Mr. Riss has served as a Director of Access One Communications (a 60,000 line CLEC in the Bell South territory) from 1997 through the present.

Wesly Minella, Interim COO of Essex

Mr. Minella is one of the original investors and board member/secretary of Access One, an affiliated CLEC with over 60,000 installed local access lines. At Essex, he supervises the billing manager, customer service and sales support. He is also responsible for operations with respect to the conversion to the in-house billing system.

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Biographies of Senior Executive Team
(Continued)

Anthony Scalice, Director

Mr. Scalice has been a Director of Essex Communications, Inc. since 1998. He also served as the President of Essex and Vice President of eLEC Communications Corp. from February 1998 to September 1999. Mr. Scalice was President of Pinnacle Telephone Consultants, Inc., a telecom consulting firm specializing in the private payphone industry from June 1997 to February 1998; President of Crescent Telephone Company, Inc., a private payphone sales and servicing company, from May 1995 to May 1997; President of Pinnacle Telecommunications Consultants, Inc., a telecom consulting firm specializing in the private payphone industry from July 1991 to May 1995; and has served as a Director of the Independent Payphone Association of NY (IPANY) from June 1996 to the present.

Joel Dupre, Director

Mr. Dupre has been a Director of eLEC since 1990, Chairman of the Board since March 1995; President of the Sirco Division of Interbrand L.L.C., a manufacturer and distributor of apparel accessories and luggage, from August 1999 to March 2000; CEO of Sirco from March 1995 to August 1999.

Eric M. Hellige, Director

Mr. Hellige has been a Director of eLEC since 1995, as well as Secretary of eLEC. Prior to joining eLEC, he was a Partner for more than five years of Pryor Chashman Sherman & Flynn LLP, counsel to eLEC.

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Biographies of Senior Executive Team
(Continued)

Michael F. Lagana, 65, President of Telecarrier Services, Inc.

Mr. Lagana, holds the position of President of Telecarrier Services, Inc., and VP Sales and Marketing for eLEC and Essex. In 1973, he founded Standard Telecommunications, Inc., which sold and serviced telephone systems. He sold the business to JWP Inc. in 1987. As Vice-Chairman of JWP Information Systems, Inc. he implemented an acquisition and expansion plan, which acquired several telephone, computer and network companies that totaled approximately \$100 million in revenues. In 1992, he founded TSI by purchasing the long distance resale division from JWP. He built TSI into a CLEC with annual revenues of over \$2 million, and sold it to eLEC in 2000. Mr. Lagana earned a BEE Degree from Manhattan College of New York in 1956.

Henry Azer, CTO of eLEC Communications Corp.

Mr. Azer is presently the CTO of eLEC as well as the President and CEO of WebQuill Internet Services. Prior to his founding of WebQuill, he was Vice President of North American Technical Business Operations for Reuters America and served on the RAM Strategic Board of Executives for 5 years. Prior to this he was employed for ten years at Quotron Systems, a pioneer of electronic data distribution in the Securities Industry, as the Southwestern Regional Manager.

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Biographies of Senior Executive Team
(Continued)

Zina L. Hassel, Director of Administration

Ms. Hassel is presently the Vice President of Administration for Telecarrier Services, Inc. as well as the Director of Administration for eLEC. From 1982 through 1990, Ms. Hassel held various managerial/executive positions at Standard Telecommunications/JWP Telecom. She was also responsible for the management of several branch office locations of JWP. From 1977 to 1982, Ms. Hassel held various managerial positions in the health care field, including Chief Operating Officer of a 400+ bed facility. Ms. Hassel also manages her own marketing/management consulting company. She earned her BS Degree at the School of Management of SUNY Binghamton in 1975 and a MBA Degree from CUNY Baruch/Mt. Sinai School of Medicine in 1977.

Kevin Stolz, Director of Operations

Mr. Stolz has held various positions within the telecommunications industry for the past 20 years. Prior to joining eLEC he was employed by Access One Communications as Director of Operations from June 1998 to November 1999. Prior to joining Access One, he was employed by AMNEX from March 1993 to May 1998; holding various positions including Network Design Supervisor, Director of Customer Service and Director 1+ Coin Sent Paid. Prior to joining AMNEX, Mr. Stolz managed a call completion center for Telesphere Communications and also spent ten years employed by NYNEX in various customer support positions.

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Biographies of Senior Executive Team
(Continued)

Patrick Freeman, Vice President, Wholesale Services.

Mr. Freeman has recently joined eLEC to automate and manage the billing, network provisioning and customer care functions of the company and to manage the wholesale services function. In June 1990 he joined Information and Telephone Services Inc. (ITS) and became a Vice President of Operations and major shareholder in 1992. He is credited with ITS' automation and the creation of its propriety billing system and interfacing with the local and long distance carriers to provide connectivity to their customer base. After his separation from ITS, Mr. Freeman formed Telecom Software Solutions (TSS). TSS was purchased by eLEC in 2000. Mr. Freeman is a graduate of Purdue University in 1990 with a BS Degree in Economics and minors in Mathematics and Business Management.

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Resumes of Key Employees

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Attachment G

**Small and Minority Owned Telecommunications
Business Participation Plan**

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Attachment H

Dialing Parity Plan

Essex Communications, Inc.
d/b/a eLEC Communications
IntraLATA Toll Dialing Parity Plan
For Tennessee

1. Purpose

The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the telecommunications carrier of their choice for routing their intraLATA toll calls.

Essex Communications is a re-seller of the BellSouth network and will be following their established guidelines and procedures for implementation of intraLATA Parity of toll calls.

2. Implementation Date and Areas of Availability

Upon commencement of service, Essex Communications, Inc. will offer 2-PIC service in all BellSouth states including Tennessee.

For resold services, availability in each exchange will be dependent on BellSouth. For services provided via a Essex Communications, Inc. switch, all switchlines will offer 2-PIC capability.

3. Method of Selection Process and costs

Essex Communications, Inc. will follow the 2-PIC strategy established by BellSouth. With the 2-PIC methodology, customers will be able to presubscribe to one telecommunications carrier for interLATA toll calls and presubscribe to the same or different carrier, including their existing local exchange company, for all intraLATA toll calls.

3. Method of Selection Process and costs, *(continued)*

Existing Customers

Essex Communications, Inc. employees will be trained to explain the process to customers for making PIC changes for intraLATA toll calls. They will be prepared to make changes in customer records based upon request from customers or carriers and direct customers to their chosen intraLATA carrier. Customers will remain with their current intraLATA carrier until they affirmatively choose an intraLATA toll carrier.

New Customers

Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers. Customers who do not choose a carrier for intraLATA toll calls will be identified as a "No-PIC" and will not be automatically defaulted to a carrier. Fees for PIC changes will be passed on to the customer at current pricing of \$1.49 for residential and business customers. No waiver will apply but customers will be able to change both interLATA and intraLATA PICs in the same transaction for no extra charge.

4. Customer Notifications

Customers will be advised the opportunity to choose an intraLATA toll carrier separate from their interLATA carrier at the time they place an order initiating service. They will also be advised that they may choose a carrier other than their local exchange carrier and that a list of available intraLATA toll carriers is available upon request from customer service. Essex also believes that promotional material by other carriers will make customers aware of the choices available to them.

4. Customer Notifications, (Continued)

Cost Recovery

Essex does not anticipate any charges from BellSouth to implement their Parity Plan and therefor will not be assessing the customer any additional charges.

Miscellaneous Items

Slamming - Essex will be subject to rules relating to slamming as indicated in Tennessee Regulatory Authority Rule 1220-4-2-. 56, Sections (2) – (19) and 1220-4-2.58, Sections (1)-(16).

Nondiscriminatory Access – Essex will follow the guidelines established by BellSouth for reseller customers as they relate to access of telephone numbers; operator assistance; directory assistance; and directory listings.

Rules – Essex will fully comply with all rules and regulations set forth by the FCC and the TRA.

Essex has no applicable rules.

4. Customer Notifications, (Continued)

LATA Associations

Area	LATA	Prefix
Tennessee	Memphis	468
	Nashville	470
	Chattanooga	472
	Knoxville	474

Exchange Coverage for Local Services

423-207 423-336 423-480 423-584 423-717 423-886 615-219 615-313 615-395 615-599
423-208 423-337 423-481 423-585 423-718 423-892 615-220 615-314 615-399 615-604
423-209 423-338 423-482 423-586 423-719 423-893 615-221 615-315 615-401 615-612
423-212 423-339 423-483 423-587 423-733 423-894 615-222 615-316 615-402 615-631
423-213 423-344 423-485 423-588 423-744 423-899 615-223 615-317 615-406 615-643
423-215 423-345 423-487 423-590 423-745 423-902 615-226 615-319 615-407 615-646
423-217 423-351 423-488 423-594 423-746 423-903 615-227 615-320 615-412 615-650
423-219 423-354 423-490 423-595 423-751 423-904 615-228 615-321 615-415 615-654
423-220 423-358 423-493 423-599 423-752 423-905 615-230 615-322 615-416 615-660
423-221 423-359 423-494 423-602 423-755 423-906 615-231 615-323 615-417 615-661
423-222 423-365 423-495 423-603 423-756 423-907 615-232 615-325 615-418 615-662
423-226 423-373 423-496 423-605 423-757 423-908 615-234 615-327 615-419 615-664
423-227 423-374 423-499 423-608 423-763 423-909 615-235 615-329 615-421 615-665
423-228 423-376 423-501 423-609 423-766 423-916 615-237 615-330 615-426 615-672
423-231 423-379 423-504 423-613 423-769 423-918 615-239 615-331 615-428 615-673
423-235 423-380 423-507 423-614 423-774 423-919 615-240 615-332 615-430 615-696
423-237 423-382 423-509 423-616 423-775 423-920 615-241 615-333 615-432 615-702
423-240 423-386 423-510 423-617 423-778 423-921 615-242 615-335 615-441 615-708
423-248 423-387 423-513 423-618 423-780 423-923 615-244 615-336 615-443 615-714
423-250 423-389 423-514 423-619 423-784 423-924 615-248 615-337 615-444 615-717
423-255 423-395 423-515 423-622 423-785 423-927 615-251 615-340 615-445 615-720
423-258 423-397 423-516 423-623 423-802 423-932 615-252 615-341 615-446 615-726
423-263 423-403 423-517 423-624 423-804 423-933 615-253 615-342 615-449 615-731
423-265 423-408 423-521 423-625 423-805 423-942 615-254 615-343 615-451 615-733
423-266 423-413 423-522 423-629 423-806 423-954 615-255 615-344 615-452 615-734
423-267 423-414 423-523 423-631 423-809 423-961 615-256 615-347 615-453 615-735
423-268 423-417 423-524 423-632 423-810 423-970 615-257 615-350 615-457 615-736
423-269 423-420 423-525 423-633 423-814 423-971 615-258 615-351 615-458 615-737
423-272 423-425 423-527 423-634 423-818 423-974 615-259 615-352 615-459 615-740

423-275 423-426 423-531 423-637 423-819 423-977 615-262 615-353 615-460 615-741
423-280 423-428 423-539 423-642 423-821 423-980 615-264 615-354 615-463 615-742
423-281 423-429 423-540 423-645 423-822 423-981 615-269 615-355 615-476 615-743
423-284 423-430 423-541 423-656 423-825 423-982 615-271 615-356 615-477 615-744
423-285 423-435 423-544 423-658 423-827 423-983 615-272 615-360 615-478 615-746
423-289 423-436 423-545 423-661 423-837 423-984 615-274 615-361 615-481 615-747
423-290 423-442 423-546 423-667 423-842 423-985 615-275 615-365 615-482 615-748
423-296 423-448 423-549 423-670 423-843 423-986 615-279 615-366 615-483 615-749
423-301 423-450 423-550 423-673 423-846 423-987 615-282 615-367 615-494 615-763
423-304 423-451 423-558 423-674 423-847 423-988 615-284 615-370 615-504 615-770
423-309 423-452 423-559 423-681 423-850 423-991 615-291 615-371 615-505 615-771
423-310 423-453 423-562 423-686 423-855 423-992 615-292 615-372 615-508 615-778
423-312 423-457 423-563 423-687 423-856 423-993 615-295 615-373 615-512 615-780
423-315 423-458 423-564 423-688 423-867 423-995 615-297 615-374 615-513 615-781
423-317 423-463 423-565 423-689 423-869 423-996 615-298 615-376 615-516 615-782
423-318 423-470 423-566 423-690 423-870 615-201 615-299 615-377 615-518 615-783
423-321 423-471 423-567 423-691 423-873 615-202 615-302 615-382 615-519 615-789
423-326 423-472 423-570 423-692 423-874 615-206 615-303 615-383 615-524 615-790
423-327 423-473 423-573 423-693 423-875 615-207 615-304 615-384 615-531 615-791
423-329 423-475 423-577 423-694 423-876 615-210 615-305 615-385 615-532 615-792
423-330 423-476 423-579 423-697 423-877 615-214 615-307 615-386 615-542 615-794
423-332 423-478 423-581 423-698 423-882 615-217 615-308 615-390 615-591 615-797
423-334 423-479 423-583 423-701 423-883 615-218 615-309 615-391 615-595 615-799
615-804 615-929 901-278 901-380 901-494 901-605 901-738 901-831 931-358 931-638
615-806 615-930 901-279 901-381 901-495 901-606 901-743 901-832 931-359 931-639
615-812 615-936 901-282 901-382 901-496 901-607 901-744 901-833 931-362 931-645
615-813 615-943 901-285 901-383 901-497 901-608 901-745 901-834 931-363 931-647
615-816 615-944 901-286 901-384 901-521 901-609 901-746 901-836 931-379 931-648
615-817 615-948 901-287 901-385 901-522 901-610 901-747 901-850 931-380 931-659
615-821 615-951 901-288 901-386 901-523 901-612 901-748 901-853 931-381 931-670
615-822 615-952 901-301 901-387 901-524 901-613 901-749 901-854 931-387 931-680
615-824 615-957 901-307 901-388 901-525 901-614 901-751 901-855 931-388 931-682
615-826 615-960 901-309 901-391 901-526 901-616 901-752 901-861 931-389 931-684
615-830 615-963 901-320 901-392 901-527 901-617 901-753 901-867 931-393 931-685
615-831 615-969 901-321 901-395 901-528 901-618 901-754 901-877 931-413 931-703
615-832 615-972 901-323 901-396 901-529 901-624 901-755 901-878 931-424 931-723
615-833 615-973 901-324 901-397 901-531 901-627 901-756 901-884 931-425 931-728
615-834 615-974 901-325 901-398 901-532 901-635 901-757 901-885 931-433 931-729
615-835 615-975 901-327 901-399 901-533 901-637 901-758 901-886 931-438 931-759
615-837 615-978 901-329 901-412 901-534 901-638 901-759 901-887 931-454 931-762
615-838 901-209 901-330 901-413 901-535 901-639 901-761 901-922 931-455 931-764
615-847 901-213 901-332 901-418 901-536 901-640 901-762 901-925 931-461 931-766
615-848 901-216 901-335 901-421 901-537 901-641 901-763 901-926 931-465 931-796
615-849 901-220 901-336 901-422 901-538 901-642 901-764 901-934 931-468 931-801

615-851 901-221 901-337 901-423 901-539 901-644 901-765 901-935 931-469 931-808
615-855 901-222 901-340 901-424 901-541 901-645 901-766 901-937 931-486 931-827
615-859 901-223 901-344 901-425 901-542 901-646 901-767 901-942 931-487 931-840
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615-895 901-264 901-371 901-484 901-578 901-722 901-803 931-232 931-624
615-896 901-265 901-372 901-485 901-579 901-723 901-818 931-235 931-625
615-898 901-266 901-373 901-486 901-580 901-724 901-820 931-270 931-626
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615-907 901-269 901-376 901-489 901-584 901-728 901-825 931-290 931-629
615-912 901-272 901-377 901-490 901-593 901-729 901-826 931-296 931-632
615-918 901-274 901-378 901-491 901-603 901-734 901-827 931-318 931-636
615-923 901-276 901-379 901-493 901-604 901-737 901-828 931-326 931-637

BEFORE THE

TENNESSEE

TRANSPORTATION AND REGULATORY AUTHORITY

In the matter of the Application of)	
Essex Communications d/b/a)	
eLEC Communications)	TRA Docket _____
for Authority to Provide)	
Facilities Based Competing Local and)	
Long Distance Telecommunications Services)	

TESTIMONY OF PAUL H. RISS

Chief Executive Officer, Chief Financial Officer and Treasurer

1 **Q. Will you please state your name and business address.**

2 A. My name is Paul H. Riss and my business address is 509 Westport Avenue, Norwalk,
3 Connecticut 06851. My telephone number is (203) 750-1000 and facsimile number is (203) 750-
4 1003. My email address is phriss@elec-corp.com.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am the Chief Executive Officer, Chief Financial Officer and Treasurer for Essex
8 Communications, Inc. ("Essex"), as well as eLEC Communication Corp., Essex's Parent
9 Company. I am responsible for all facets of the Company's operation, including regulatory and
10 external affairs and issues, for Essex Communications, Inc.

11
12 **Q. Please give a brief description of your background and experience.**

13 A. I began my career at Ernst & Young in 1979 and was promoted to the level of Senior Audit
14 Manager. In 1987 I became the Chief Financial Officer and Treasurer of Peter's Bag Corporation
15 in New York. I held the positions of Chief Financial Officer at ComponentGuard, Inc. and Sequins
16 International, Inc. before joining eLEC Communications Corp. (formerly known as Sirco
17 International Corp.) in that position in 1996. In this position I managed internal and external
18 reporting and provided financial analysis for the acquisition of an internet service provider and
19 Bell Atlantic CLEC. I have also been a director of Access One Communications (a 60,000 line
20 CLEC in the Bell South territory) from 1997 through the present.

21
22 **Q. What is the purpose of your testimony?**

23 A. The purpose of my testimony is to present evidence on the financial, technical and
24 managerial abilities of Essex to provide local telecommunications services in Tennessee; and to
25 describe the services Essex Communications, Inc. proposes to offer.

26

1 **Q. Has Essex Communications, Inc. registered to do business in Tennessee?**

2 A. Yes. Essex is a New York Corporation. Registration to conduct business in Tennessee is
3 provided in Attachment C of the application.

4
5 **Q. Has Essex previously obtained authority in Tennessee?**

6 A. No.

7
8 **Q. Please describe the services Essex proposes to offer.**

9 A. Essex proposes to offer local dial tone services to its customers which will be comparable
10 to and competitive with services offered by the incumbent local exchange carriers.

11
12 **Q. How will Essex bill for its services?**

13 A. Essex's local services are billed directly by the company on a monthly basis. Fixed
14 monthly charges are billed monthly in advance, usage-sensitive charges will be billed in arrears.

15
16 **Q. How are trouble reports, billing errors and complaints handled?**

17 A. Billing disputes will be reported by the customer via the toll free number of (888) 389-
18 1400, printed on the Customer's monthly bill, Customer service disputes will be reported via the
19 same toll free number. In addition, Customers may contact the Company in writing at the
20 headquarters address. Essex understands the importance of effective customer service for local
21 service consumers.

22
23 **Q. Describe the proposed Essex's Tennessee tariff.**

24 A. Services included in Essex's tariff include: Standard Local Service, PBX Trunk Service,
25 Direct Inward Dialing (DID) Service, Optional Calling Features, Listing Services, Directory

1 Assistance, Operator Services, Long Distance Services, ISDN Service and DSL Service. Services
2 are offered to both business and residential customers twenty-four hours per day, seven days per
3 week.
4

5 **Q. Where is Essex currently certificated?**

6 A. Essex Communications, Inc. is certificated to provide local and long distance services in
7 Connecticut, Florida, Kentucky, Massachusetts, and Virginia. In addition, Essex has applications
8 pending in Maryland, New Jersey, and Pennsylvania. The Company plans on filing UNE-P
9 CLEC applications in 28 states before the end of June, 2000.
10

11 **Q. Describe Essex's financial ability to operate as a local service provider.**

12 A. Essex has ample resources for the successful provision of its telecommunications services.
13 We have provided financial information with our application which clearly demonstrate that Essex
14 has ample cash flow and capital to expand into the facilities based CLEC market in Tennessee.
15

16 **Q. Does Essex have the managerial and technical qualifications to provide local service**
17 **in Tennessee?**

18 A. Yes. Essex has an experienced management team. Resumes of key management staff are
19 provided as Attachment F in of the Company's application.
20

21 **Q. Where in Tennessee does Essex intend to offer its services?**

22 A. Essex intends to initially offer services in areas of the state served by BellSouth, but seeks
23 statewide authority for future applications.
24
25

1 **Q. How will Tennessee consumers benefit from Essex's services?**

2 A. Certification of Essex will increase the level of competition in Tennessee. Essex intends
3 to offer quality service at competitive prices. In addition, Essex's marketing plan will expand
4 subscriber awareness of options and services available to them, thus encouraging the growth and
5 success of competitive services.

6
7 **Q. Why is Essex seeking facilities-based authority in Tennessee? Will Essex use any public**
8 **rights-of-way?**

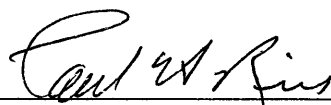
9 A. Initially, Essex plans to purchase unbundled network element platform service (UNE-P)
10 from BellSouth and Sprint/United. Since Essex has no immediate plans to deploy cable, it does
11 not foresee using public rights-of-way in the next year. However, Essex does want the
12 Commission's consent to use public rights-of-way pursuant to applicable laws for possible future
13 installations.

14
15 **Q. Does this conclude your testimony?**

16 A. Yes.

VERIFICATION

I, Paul H. Riss, first being duly sworn upon oath, depose and say that I am Chief Executive Officer, Chief Financial Officer and Treasurer of Essex Communications, Inc., a New York Corporation; that I have read the above and foregoing prefiled testimony by me subscribed and know the contents thereof; that said contents are true in substance and in fact, except to those matters stated upon information and belief, and as to those, I believe same to be true.



Paul H. Riss, Chief Executive Officer
Essex Communications, Inc.

N.Y. Lc# 230 338 741 6/30/01 Exp

State of CONNECTICUT

County of Fairfield

Subscribed and sworn to before me

this 26 day of May, 2000



Notary Public

My Commission expires:

COMMISSION EXPIRES

SEPTEMBER 30, 2002

My Commission Expires Sept 30, 2002

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Attachment J

Proposed Tariff

Essex Communications, Inc. will file its initial tariff with the TRA after this application is approved but prior to providing service within the State.

ESSEX COMMUNICATIONS, INC.

d/b/a eLEC Communications

Attachment K

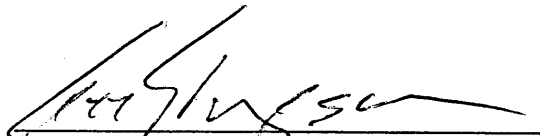
Y2K Procedures

Essex Communications, Inc. as well as its parent company, eLEC Communications Corporation, did not experience any Y2K problems during the transition period.

CERTIFICATE OF SERVICE

Notice is given that on 04 Aug, 2000, Essex Communications, Inc. d/b/a eLEC Communications filed with the Tennessee Regulatory Authority an Application for a Certificate to Provide Competing Local Telecommunications. A copy of this application is available for inspection at the Tennessee Regulatory Authority or by contacting Technologies Management, Inc., 210 North Park Avenue, Winter Park, FL 32789 for a copy of said application.

- | | |
|--|--|
| 1. Ardmore Telephone Company, Inc.
Terry Wales, General Manager
P.O. Box 549
517 Ardmore Avenue
Ardmore, TN 38449 | 10. Sprint-United
Steve Parott, Director Regulatory Affairs
United Telephone Southeast, Inc.
14111 Capital Boulevard
Wake Forrest, NC 27587-5900 |
| 2. BellSouth Telecommunications, Inc.
Guy M. Hicks, General Counsel
333 Commerce Street
Nashville, TN 37201-3300 | 11. Concord Telephone Exchange, Inc. |
| 3. CenturyTel of Adamsville | 12. Humphreys County Telephone Company |
| 4. CenturyTel of Claiborne | 13. Tellico Telephone Company |
| 5. CenturyTel of Ooltewah-Collegedale
G. Clay Balley
Director of Regulatory Affairs
P.O. Box 4065
Monroe, LA 71211-4065 | 14. Tennessee Telephone Company
John D. Feehan, Manager External Relations
P.O. Box 22995
Knoxville, TN 37933-0995 |
| 6. Citizens Telecommunications Company
of Tennessee | 15. Crockett Telephone Company, Inc. |
| 7. Citizens Telecommunications Company
of the Volunteer State
Mike Swatts
State Regulatory Director, South
P.O. Box 770
300 Bland Street
Bluefield, WV 24701 | 16. People's Telephone Company, Inc. |
| 8. Loretto Telephone Company, Inc.
Louise Brown, President
P.O. Box 130
Loretto, TN 38469 | 17. West Tennessee Telephone Company, Inc.
Jim Wingo, General Manager
P.O. Box 7
Friendship, TN 38034 |
| 9. Millington Telephone Company, Inc.
W.S. Howard, President
4880 Navy Road
Millington, TN 38053 | 18. United Telephone Company
Herbert Bivens, General Manager
P.O. Box 38
120 Taylor Street
Chapel Hill, TN 37034 |


Lee Simpson, Technologies Management, Inc.